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The Case for Protection

By

Ernest Edwin Williams

Fellow of the Royal Statistical Society

Author of 'Made in Germany,' etc.

London

Grant Richards

1899

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HARDING

Prefatory Note

This book makes no affectation of judicial impartiality. As its title claims, it is an attempt, according to the best of the writer's poor judgment and ability, to set forth the case for that system of national finance, for over half a century maligned in this country, known as Protectionism. But, in admitting this much, the writer does not admit that his brief for Protection contains any special pleading or strained argument. Here and there, in the course of the work, points might have been made against the Free-traders which have not been made, because the writer has been anxious not to score mere dialectical triumphs, and still more anxious to avoid making a point which was open to a counterpoint. His earnest desire has been to present, in concise volume form, the mass of solid and (as

he thinks) irrefragable arguments in favour of protecting national industry, and in so far as he has failed to marshal those arguments with fulness and cogency, he craves the pardon of his fellow-Protectionists.

E. E. W.

Fulham, *August*, 1899.

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The Case for Protection

I

On General Principles

The Proscribed Word.

Among certain tribes of African savages particular words are Taboo. No man will utter them if he can avoid doing so; no man hears them without a shudder. If the missionary efforts of the late Mr. Cobden had extended to the African hinterland, one of those dread, unnameable words would of a surety have been 'Protection.' But though Manchester goods are finding their way to Afric's torrid strand, Manchester doctrines have not, I believe, been taken, even at a discount, with the goods. The Cobdenite gospel never got much further than the land of its promulgation; but here (though sadly fallen in these latter days from its former pure estate) it still, in many departments of economic thought and political action, retains its hold on the superstitious regard of the people, and no politician who would escape the horrified frowns of his caucus, no rising young

economist with an eye on a well-endowed professorship, will dare to breathe in public the anathematized word 'Protection,' save with the exorcising accompaniment of a shudder.

This complicates my task. I want to show that there is a case for the maligned body of economic doctrines generically known, and in this country denounced, under the name of Protection; but if I beat my brains for alternative words, that so I may avoid direct reference to the Nameless Thing, and appease the politician's sense of decency, I shall labour in the suspicion that my fell purpose is certain to be discovered; for the scent of your Cobdenite critic is keen, and he is quick to point out to the less suspicious average man the treachery which lurks in your words. If, on the other hand, I boldly use the word best fitted to describe my meaning, then banishment from the respectable economist's bookshelf is my almost certain portion, and Members of Parliament will not dare to let their constituents know that a copy of such a work is in their possession. And then how shall I fare for the necessary advertisement? Yet, on consideration, I prefer the latter course, with all its drawbacks. My book is about Protection, and therefore I will say so in plain language, even on the cover.

Having adopted the word, let me now defend it.

What the State is for.

Why do men live together in communities? It is their pleasure to do so, you may answer. See them at Blackpool or Margate. But the pleasure of having

other human beings in close propinquity is not the sole, or even originally the main, purpose of congregation. That purpose is mutual aid and protection. It is the more apparent when we turn to the community in its official corporate capacity as the State. The State exists simply and solely to afford protection to its members. It is only in that function that it has its being. It protects the many against the hurtful doings of the individual; it is the guardian of peace and prosperity within its borders; it protects its members against assaults from without; it protects life, it protects property, it protects and aids commerce. A State which failed in any of these matters would be a curse and an absurdity. Protection, then, being the very reason of a State's being, the description of a State as protective cannot be urged against it as a stigma. Any act or policy of the State which can be described as protection is a tribute to the efficiency of that State in the discharge of its proper duties.

The State's Economic Ideal.

Let us develop the idea as to the proper function of a State in its economic aspects. I do not in this section purpose to discuss any communistic Utopia. It will save our time to rule out the millennium, and confine ourselves just now to the State as it exists in modern civilization, with its base on the fact and principle of private property and individual enterprise. On such a foundation the duty of the State is to regard the industry and the economic life of its people as a whole, whose welfare is to be protected

and whose prosperity is to be aided with impartial concern, just as though the national industries were welded into one great undertaking under the State's own guardianship. Into the State's hands are committed the economic prosperity and—so far as it results therefrom—the happiness of the whole community. In this regard the State will do all within its power to foster the production of wealth. It will be chiefly solicitous concerning the production of those forms of wealth which are most vitally necessary to the nation's well-being, and in the producing of which there is the greatest likelihood of breeding a healthy and happy race. It will therefore, in the first instance, take care that the nation shall produce a large part, if not the whole, of its own food, and this not only because ability to feed itself is the primary duty of any community, and is a necessary safeguard against foreign aggression, but also because in the tilling of the soil men find the most healthful of all employments, and the State obtains among the sons of the soil its most stalwart defenders.

But just as human wants do not stop at the satisfaction of hunger, so the State will, after seeing to the prosperity of the food industries, foster the production of the other kinds of wealth which civilized people need for their comfort and happiness. It will therefore seek to establish and uphold manufactures in the output of which those of the people whose energies are not required in the production of food may find profitable employment. Afterwards the State will foster commerce, in order that the articles

produced by its manufacturers and agriculturists may circulate freely and be effectively distributed; in order also that the nation's surplus production may be sold to foreign countries and enhance the nation's wealth, and in order that such raw materials and articles of direct consumption as cannot be produced at home shall be brought from foreign markets.

It will also be the constant care of the wisely directed State to conserve the wealth-producing capacities of the country. It will not, for instance, regard with favour the exchange of irreplaceable mineral wealth for another country's food or manufactures, in the production of which there is no necessary exhaustion of continued reproductive capacity. The State will also strive to conserve the national strength and capacity by enacting that the workers shall labour under the most healthful conditions possible, and shall not have their strength dissipated by overwork. It will desire, moreover, as general a diffusion as possible of the fruits of industry, as this also will tend to preserve the productive capacity as well as the happiness of the nation, and will, besides, increase the spending power of the people, and so aid the production of more wealth. This last purpose will also be aided by the plentiful possession of gold within the country, to secure which the State will view with favour an excess of exports over imports, or at least the maintenance of a balance.

It is such items as these which should go to form the economic idea of a modern State, that so there may be conserved a country full of thriving villages and market towns, producing a large part of its own

food, and devoting its surplus energies to the more profitable and healthful of the manufactures.

The Self-contained State.

From the above rough sketch of the statesman's ideal it will be deduced that the State should be, as far as possible and as far as is consistent with the requirements of certain foreign commerce, an economic entity, just as it is a political entity. Subject to the aforesaid variations, a State should be economically self-contained. It is not really independent if it is not capable of producing at least the necessaries of life. In so far as it is incapable of so supplying itself—and States of limited geographical area are usually to some degree incapable, unless they interpret the word 'necessaries' in a very narrow sense—in just so far is it dependent on other States. Let us enumerate some of the reasons why it is desirable that a State should aim at being an economic entity.

There are the obvious political reasons. Economic independence is the necessary support of political independence. To take the main instance: a nation which depends for its food on the goodwill of another nation, which may at any time become an enemy, practically acknowledges that nation as its suzerain. The developments of modern commerce and industry are in this manner steadily eating away the independence of nations (though England is the only nation which has yielded its independence of other nations for its daily bread); yet, so long as nations remain independent of each other, it is needful, in order that such independence shall be real and complete,

that each State shall strive for the healthy development within its borders of all the important productive industries.

So manifest are the advantages to a nation of such economic independence that the achievement of it would not be too dearly paid for even if, in the process, some sacrifice of material wealth production had to be made; for nations, even as individuals, may overreach themselves, and lose some greater good, if they devote themselves to the accumulation at all costs of great national riches. It is largely owing to a refusal to look at this side of the matter, or an inability to do so, that the so-called political economists have been brought into practical discredit. They themselves contend—the eminent American economist, Professor Walker, puts forward the proposition explicitly—that the economist has no concern save with the production of masses of material wealth; all other considerations are rigidly ruled out as irrelevant.* This narrowness of outlook obviously diminishes the orthodox political economist's trustworthiness as a guide to the statesman, and inclines one to assert that 'political' is a misnomer for that class of writers; for it is just the best political considerations—that is, considerations of the interests of the State completely viewed as a community of men and women—to which the ordinary political economist deliberately shuts his eyes.

But, in fact, this opposition between the political and the economic is not so great a matter. The

* 'A Brief Political Economy,' p. 10: 'Political Economy is the science, not of welfare, but of wealth.'

sacrifice of material wealth called for may be absolutely non-existent, as in the case, for example, of the United States of America to-day; in any nation and country of good natural wealth-producing capacity, the sacrifices would only be trifling, and they would in many cases be but temporary. On the other hand, there are solid economic advantages to outweigh heavily any possible economic disadvantages which might be the price of paying heed to the political advantages of economic self-containment. Let me enumerate some of them:

1. When practically the whole field of industry is kept open to a nation, that nation is able to pick and choose the industries with which it will occupy itself. It need not, unless it likes, grime its face and make its limbs unshapely by acting as coal-hewer for the world as well as for itself; it need not blear its eyes and wear its fingers to the bone for the scantiest of pittances in making the world's slop clothes; it need not devote itself to any of the unhealthy, ill-paid, parasitic industries—certainly not for the export market, and perhaps not for the home market (seeing that economic self-containment is not meant to be absolute); it will be free to bend its energies to those forms of production which are economically valuable, and are least unpleasant and least unhealthy. And it is the duty of the State to bear in mind the relative desirability of the different industries, and determine accordingly which it shall foster and in what order of precedence. It is here that the State would have such a powerful lever for enforcing human conditions of labour upon employers. It could refuse its support

to industries in which these conditions did not operate, so compelling the employers to grant the desired conditions; while in the case of these conditions being found incompatible with profitable production, the industry would be best abandoned—a fate which would most probably overtake it when the State support accorded to other industries was withdrawn from it.

2. A further economic advantage which the fostering of varied industries brings to a nation is that its sons have a wider range in the selection of the industry for which they are best adapted. And when men are employed on those crafts in which they work with most pleasure and ease and efficiency, the output of wealth is greater and better, and the State as well as the individual is the gainer.

3. A variety of occupation in a country minimizes the national loss and individual distress which is caused by trade depressions. To a degree depressed trade is a universal phenomenon. Depression in one industry lessens the purchasing power of those who gain their living in it, and so the depression spreads to other industries; but obviously, though the circle widen, the disturbance it causes diminishes with the outward movement; and it will frequently happen that one trade undergoes a prolonged period of depression while many other trades are in a condition of normal prosperity. It is therefore not well for a State to put all its eggs in one basket. The more varied are the forms of production with which it is occupied, the less likelihood is there of it suffering from the adversities which at times beset particular

industries. Moreover, seeing that the periodical fits of depression in trade are the result of gluts in production, it is surely fair to assume that a country which is the free dumping-ground for the world's surplus produce will, other conditions being equal, feel the glut and consequent depression more keenly than countries where the import of foreign goods is held in check by protective duties.

4. There is the argument laid stress upon by List, that a nation's prosperity, in general, depends less on the mass of wealth produced than upon the greatest possible diversity of industries, so that all the phases of national productive energy may be well developed. Such variety makes for national well-being, just as the general all-round development of a man's muscles is better for him than the abnormal development of one or two, to the neglect of the rest. As List further points out, if production be diversified, even though by artificial means, it is much easier to keep the nation's current of productive energy in motion, allowing it to be turned in whatever direction new advantages may open up. Where, on the contrary, a nation confines its productive energy to one or two outlets, there is a great danger of consequent stagnation.

The Territorial Division of Labour.

But all these arguments for a self-contained State, it may be contended, are in flat contradiction of the principle which finds expression in the phrase 'the Territorial Division of Labour.' I should say, rather, that the principle is a corrective against a possible, or

at least a hypothetical, excess in the application of the doctrine of self-containment. The phrase is the invention of an English Free-trader of the Corn Law Repeal days; but in spite of its suspicious origin, it is a good and convenient phrase, and the principle it embodies, within its proper limits, is worthy of incorporation in a scheme of economic statecraft. The principle of the Territorial Division of Labour is not the formidable weapon against State protection of industries which most of those who lay stress upon it imagine it to be. No sensible Protectionist contends that each State should encourage every industry in every part of that State. He would not, for example, ask that the English State should endeavour to establish and protect the cultivation of oranges in England, or that the Swiss Republic should give bounties on ship-building. Where a country is manifestly unfitted for the production of a particular commodity, the State would be foolish if it made any futile efforts to encourage that production; and there the theory of the Territorial Division of Labour—that is, the devotion of each country and section of country to those industries which Nature has not forbidden—should have full play. The determination of the circumstances under which the Territorial Division theory should be applied is a matter for the consideration by the State of each case on its merits.

The theory has its limitations, a fact which Free-traders are slow to learn. It may be 'political economy,' but it is not patriotic common-sense or wise statesmanship to carry the theory to the point of

insisting that if in any other part of the globe, and under conditions impossible in one's own country, a certain commodity can be produced more cheaply than in one's own country, that therefore, and notwithstanding any number of good reasons why the industry should be pursued at home, the home production should be allowed to die to make room for the foreign. In a very great number of cases, the arguments in favour of a self-contained State which I have adduced above must override the Territorial Division theory. If this theory were rigidly applied all round, it is by no means fanciful to imagine a time when, owing to circumstances, natural and artificial, in different parts of the earth, it should come about that the list of foreign products found capable of being put on the market just to a sufficient degree more cheaply than the like home products, has eventually become so long that there is not left a single industry which, on the Territorial theory, would have a right to exist at home, or, if that theory were applied, would be able to exist for long. The Territorial Division theory is right and useful to a point, but in the hands of the unbalanced theorist it is exceedingly dangerous, and is like to end in absurdity and disaster. Altogether too much is sought to be made of the theory. As in the case of the theatres in the Strand, the Territorial Division of industries is in practice often more a matter of custom than of necessity or desirability. But now, all over the world, the most varied industries are springing up and flourishing, to show the folly of assuming too readily that any given industry is not

suited to any given district. When the phrase about Territorial Division was invented, transport was, relatively to to-day, quite undeveloped, and, unless all the raw materials necessary were to hand, there was a certain justifiable presumption against the industry. But now the transport of any needed materials to any spot within reasonable reach of civilization is so easy and so cheap that the presumption loses most of, sometimes all, its force. Modern scientific invention, moreover, is even abolishing climatic disadvantages—as witness the introduction into European linen-mills of artificial humid air to equalize the advantages of the naturally humid air in Irish mills. And in other respects science is often equal to devising special processes suited to special localities.

But it is a mistake for the Free-trader to suppose that the theory necessarily supports his views; on the contrary, it may, and in the condition of the English Empire to-day it does, frequently destroy them. Take English wheat for an example. If we go back to the Fifties, we find that over four million acres were under wheat crop every year, and that their average yield was over twenty-seven bushels to the acre. To-day in the United States the average yield is only 11·7 bushels per acre, and in European Russia no more than 4·6 bushels. Yet to make room for these comparatively unproductive American and Russian wheat-lands, more than half of those four million English wheat acres of the mid-century period have, at the end of the century, been abandoned. The English State's denial of protection in this instance has scarcely made for the proper

Territorial Division of labour. One might easily continue the list. English dairy and orchard lands and hop-gardens are not easily equalled, and nowhere, I believe, surpassed in any part of the world; yet the products of less-favoured lands are crowding out the English. Go to another part of the Empire. West Indian cane-sugar is far superior to European beet-sugar, and should therefore, on the Territorial Division theory, be exploited to the full before the beet-lands are called into requisition. Owing, however, to lack of protection to West Indian sugar, the industry has fallen into a moribund condition, and the territory less suited to produce the commodity flourishes at the West Indian territory's expense.

Mention of European beet-sugar is a useful reminder of the fact that the State protection and fostering of an industry will often produce that very condition of territorial suitability which is desired. Owing to the aid given by the German State to the nascent beet-sugar industry in Germany, sugar-beet-growing and sugar-beet-refining have made very great progress. The lands are nothing like so territorially unsuited to the industry as was formerly the case, the sugar being better and the roots more prolific, and—though it is not likely—it is conceivable that with further progress on the same lines German territory will become, in an economic view, naturally suited to the prosecution of the sugar industry.

International Trade.

The considerations adduced in the foregoing paragraphs point to the dangers and disadvantages which beset international trading relations. Yet international trading is a fact, must in the future history of nations remain a fact, and is a fact, moreover, which, despite its dangers and disadvantages, must on the whole be welcomed. Life in the British Isles, for example, would on its material side lose a very great deal if imports generally were prohibited. There is much that we want that we either cannot produce ourselves at all, or cannot produce well, or cannot produce save at an altogether disproportionate cost. True, if in England be included Greater England, the need for foreign imports would, when the Empire's resources are fully developed, shrink to insignificance; but the relations of the Mother-Country to the Daughter States is a complicating factor in the problem which will be best treated separately; for the moment it will simplify our consideration of international trade not to draw distinctions between trade with the colonies and trade with foreign countries.

The point to concentrate upon now is that so long as our national wants in respect to material wealth are so varied and exigent as is the case at present, so long will it be necessary to import from overseas a large bulk of commodities, both for direct consumption and also for use as raw materials in industry. And, as we are not marauders, taking from our neighbours what we want and they have at the

sword's point, without any equivalent service—wealth gained by levying tribute being in the long-run bad for the leviers as well as for the levied—it follows that we must export in order to earn money wherewith to pay for the imports. All this is obvious, so obvious that it has caused many a worthy professional theorist to wander off the broad road of patriotic common-sense into all sorts of weird mazes and bypaths, heedless of aught save his Will-o'-the-wisp theory. Of the pitfalls into which they have landed their works do testify. With many technical phrases and algebraical signs do these learned professors seek to demonstrate that a State need take no heed for its industrial well-being, that the weak industries—never mind how valuable their character—should be left to go to the wall, and the rest to shift for themselves as best they can, though in the face of daily more pressing (and well-protected) foreign competition; that all we need trouble about is obtaining a maximum of imports, regardless of their nature—that, in a word, we should take care of the imports, and let the exports take care of themselves; as though one should say, Concentrate all your thoughts on spending your income, and let the earning of it look after itself.

This amazing deduction of the economist's logic is arrived at in part by the exclusive pursuit of a theoretic whim—or, let us say, a theory, excellent in its place, in due proportion and subordination to the rest, but worse than useless when detached—and in part from the assumption that imports and exports must necessarily and automatically balance each

other; that importing and exporting are, indeed, but two sides to the same transaction—in other words, from assuming as a fact that which in England to-day is not a fact. Importing and exporting, it must be borne in mind, comprise a number of separate and individual and unrelated business deals, notwithstanding that, regarding all these transactions in the aggregate, it is fair to assume, in the absence of disturbing factors, that the value of the imports and of the exports will at the year's end approximate. But in the case of English trade there are disturbing factors, with the result that the student of the country's foreign trade returns finds a huge and ever-growing disparity between imports and exports. In 1887 the value of the imports, less the re-exports, exceeded the value of the home exports by £80,964,679; in 1892 by £132,153,716; in 1897 by £156,854,842; in 1898 by £176,364,595. The difference is not really so glaring as these figures indicate; for some unknown but substantial part of the disparity is accounted for by the value of the ships built for foreigners in the kingdom, and of the shipping trade performed in English vessels (with a deduction for the wages of foreign sailors working English ships). But there still remain many millions, growing yearly, unaccounted for. The Free-trader has an explanation ready: they represent the interest and returns of principal on the loans of English capitalists to foreign undertakings.

The Foreign Interest Theory.

Let us accept the explanation, and then see what it is worth, from the point of view of national in-

dustry. It may be premised, however, that, according to the theory, as imports are the payment of interest and principal on those foreign loans, so the fresh loans, which are still being made on a very big scale to foreign Governments and industrial undertakings, should appear in augmented exports of British products and help to mitigate the disparity; and the decline in the value of our exports in recent years becomes therefore more serious. Moreover, when it is considered that a country which receives a loan from English capitalists promptly launches out into the purchase of goods from, say, America, Belgium, and Germany, with the money so borrowed, while our exports to those countries (which, following the Free-traders' theory, should show an equating increase) make no particular headway, the sequence of exports on loans seems to need some further demonstration.

But, now, how far are we justified in regarding the Return of Interest theory as a satisfactory explanation of the disparity between imports and exports? What it really means is that certain moneyed Englishmen have, among their sources of income, certain sums of money sent them from abroad. The possession of these sums of money makes it possible for them to buy goods—foreign or English—to a certain value without landing themselves in the Bankruptcy Court (though, as a matter of fact, a very large proportion of foreign manufactures and food-stuffs are bought by persons who do not possess a single piece of foreign scrip); but pecuniary ability to make foreign purchases implies no compulsion to purchase

foreign instead of home manufactures and food-stuffs. A man, never mind how much foreign scrip he may hold, buys to satisfy his wants, not for the sake of turning into kind—foreign kind—the last penny he receives as interest from his foreign investments. Why, then, should he not buy in the home market—circulate money and encourage wealth production at home—in respect to those commodities which he desires, and which should be produced at home? It is really difficult to establish a necessary connection between receiving money from abroad and buying goods from abroad.

But what is the effect of the practice on British industry? It does no harm at all, says the apologist of the Disparity, because these Interest imports are paid for by past exports. Could there be a more disingenuous way of begging the question? When the English investor in foreign stock made his loan, it may have been—let us assume it was—accompanied by a purchase on the part of the borrowing country of English manufactures, which benefited the English manufacturer and labourer. But that is all over and done with. They get no advantage from the succeeding interest payments—money which comes into the country, and is promptly sent out again in the purchase of goods from their foreign rivals. Perhaps it will be contended that, even if no benefit be conferred, no harm is done either. But there is harm, positive and negative. The positive harm is the encouragement of foreign competition (often of an unfair kind), and the helping to a firmer foothold in the market of the foreign competitor. The negative

harm consists in the fact that the money might have been spent at home, to the benefit of home industries.

A like criticism may be passed on the original foreign investment. If the capital spent abroad had been invested in developing the wealth of England, the country would obviously be benefited to a greater extent than can possibly be the case when it is a foreign industry which is encouraged. Even Free-traders must admit that foreign investments build up industries which compete with ours in *neutral* markets.

The Foreign Interest theory, then, even though it explains the discrepancy between imports and exports, to the extent of showing how it is possible to maintain the discrepancy without national bankruptcy, does not justify it from the standpoint of the State. Yet, before leaving the subject, we may pause a moment to inquire whether the explanation does cover the whole ground. It is unfortunate that the Board of Trade did not until 1899 tell us the yearly value of our ships built for foreign account, and has not yet found a way of telling us the value of our shipping and of our foreign interest receipts. It is annoying and disappointing to be thrown back upon conjecture as to actual and important facts; but with conjecture we must fain be content. Now, conjecture leaves room for considerable doubt on this matter of the items which balance imports and exports. Take the Board of Trade returns for 1897 and 1898, showing a disparity for 1898 of £176,364,595, and for 1897 of £156,854,842, an increase of over nineteen and a half millions sterling in a year. Can it be credited that our

ship-building for foreigners (which in the early months of 1898 was depressed by the great engineering strike), our shipping business, and our interest payments all grew to the extent indicated by this huge increase in imports? Are we not justified rather in supposing that some of it is to be accounted for by the purchase of foreign goods with the profits made on home industries as well as on foreign investments, and that the national wealth is less by that amount? Another explanation is that the increased wages of recent years, setting into retail circulation a good deal of money that might otherwise have remained as capital, have been expended by working men in the purchase of cheap foreign goods. And, so far as this explanation is a fact, it scarcely illustrates the foresight of the British working man, who would be postponing the evil day of slack employment if he spent his money on goods of home production; whereas he hastens it with his foreign purchases. Still another partial explanation is that much of the money raised by company-promoters for the capital of foreign gold-mines, etc., never gets farther than the company-promoters' pockets in the form of capital. It does eventually get out of the country, but in the shape of payment for imported commodities.

The moral of all these considerations is that the conditions of international trade to-day, so far as England is concerned, are a warning rather than a model of what a well-ordered State should be, and that international trade is not necessarily bound to go all right if left to take care of itself; it needs intelligent and active protection.

The Advantage of the Home Market.

The theory is often put forward by advocates of Protection that the buying of home produce is preferable to the buying of foreign produce, because the former operation doubles the circulation of wealth within the country. Thus, if an English manufacturer buy a hundred pounds' worth of English wheat, and the English wheat-grower in return buys with that money a hundred pounds' worth of English manufactures, the trade of the country is advantaged by the circulation of two hundred pounds; whereas if the English manufacturer buys a hundred pounds' worth of foreign wheat, and the foreign wheat-grower buys with that money one hundred pounds' worth of English manufactures, English trade would only gain by the circulation of that hundred pounds. Stated in this extreme form, I do not propose to defend the thesis. It would only be entirely true if the English wheat-grower ceased to produce wealth altogether, consequent on his failure to sell wheat to the English manufacturer. What actually happens is that he also turns to producing manufactures for the foreign market. In individual cases he will probably not succeed, and will become a burden on the poor rates. In other cases he will be forced to produce articles in many respects less worth producing than wheat; he will also incidentally, by increasing the competition among English manufacturers, tend to reduce prices, and so diminish the money earned. Further, if he is a capitalist, he may take his capital to some other country, where he thinks it has a better chance of

employment, and in this case particularly is the national wealth diminished. These points are worth noting, for they justify the Double Circulation argument, in a measure.

There is another direction in which the Home is nationally more productive than the Foreign trade. Nearly all the goods which England sells in foreign markets have to pay an import duty on entering those markets. In some cases, as where the foreign country possesses no healthy home industry of the like kind, the import duty is probably paid, wholly or in part, by the purchaser in that country. But these cases are diminishing fast with the general growth of foreign industrialism, and when the condition I have named does not exist—when, that is, the English export has to compete with an untaxed commodity produced in the country to which it is exported—then the English exporter has to pay the duty, and the amount thereof must be deducted from the wealth earned by England from her foreign trade. In this view also the foreign trade is less valuable than the home trade. One hundred pounds' worth of English manufactures sold in the English market is a full one hundred pounds, whereas one hundred pounds' worth of English manufactures sold in a foreign market is only one hundred pounds, *less* the duty which those manufactures have to pay before they are sold.

When to these last reasons for encouraging a healthy home production you add the major arguments I have previously sketched out, it seems scarcely necessary in this place to dwell further upon

the greater desirability of the home market; and we may pass at once to the question. How is this healthy home production to be secured?

How to secure the Home Market.

I do not contend that the State can do everything. It is commonly charged against Protectionists that in their view the prosperity of industry is merely an affair of State Protection. But I do not know of any Protectionist against whom this charge can justly be levied. Naturally, in England at present, Protectionists lay very great stress upon Protection; but that is not to say that they regard it as an exclusive panacea. Many individual qualities are necessary to industrial success, and if the people in an industrial community have not those qualities the best ordered system of State aid will not achieve for that people industrial success. But the aid of the State is necessary, nevertheless. There are many things which the State can do which the individual cannot do by himself, and in these days, when all other States are eagerly supplementing the individual efforts of their citizens, it is foolish for one State to stand aside, and assume a pose of impotence. Moreover, many of those individual qualities to which I have alluded are evolved under the fostering care of the State, while, lacking the stimulus of State aid, they become stunted and withered.

Nor do I confine Protection to the narrow tariff-duty sense in which it is commonly used. There are many other directions in which such aid may, and

should, manifest itself. State-supported technical education and a vigorous Agricultural Department and Board of Trade are examples of the different means whereby the State can protect the health of native industry. But always, at the end, when discussing the subject of State aid to industry, you come to the question of the import tariff. I had a curious experience of this inevitableness when writing a former book on the subject of foreign competition with English industries, 'Made in Germany.' That book contained but a few casual references to Protection, yet almost with one consent the Free-traders fiercely attacked it, and the Protectionists as warmly applauded it. Seeing that I had been careful in the main not to lay stress on Protectionist remedies, I was a little surprised at this concensus of attitude, and expressed my surprise to a friend, an acute critic in these matters, and not a Protectionist. He at once assured me that I could have expected no other fate, and that even if I had omitted all reference to Protection the result would have been the same. 'It is impossible,' said he, 'to discuss such a subject as foreign competition, from the point of view of seeking resistance to it, without sooner or later coming down to Protection; it is the only great remedy. And the Free-traders,' he added, 'know it.'

The only loophole of escape for the Free-traders lies in the allegation that foreign competition to any hurtful extent does not exist. That they realize this is shown by their efforts to explain away the significance of, and generally to minimize the startling figures as to, our foreign trade, which are from time to

time brought to the public notice. The reality of hurtful foreign competition is a subject which I shall recur to in a succeeding chapter. For the moment it will be enough to point out that, granted that the home market needs State protection—and this, I submit, both the general considerations I have adduced and the actual facts of to-day demonstrate—we are inevitably thrown back upon the system of import duties as an essential element of that State protection. The doctrine of import duties as a safeguard to a nation's industry has never perhaps been better summed up than in a passage in one of President McKinley's election speeches: 'We are one nation, we have one flag, we have a common destiny. The other nations of the world have their separate and independent political organizations for the purpose of working out for themselves the highest destiny possible. They owe no allegiance to this Government; they contribute nothing to its support, either in war or in peace; and if they come into this country to compete with our people, we say that they can do it on condition that a tariff shall be put upon their products, and that tariff will go towards maintaining the Government, and at the same time will be a defence to our own labourers and producers. This is the whole doctrine of the tariff.'

The Dual Object of the Tariff.

The benefit of a tariff duty on imports is dual: it aids home industry, and it provides the State with revenue. Of course, it cannot serve this dual purpose

when the tariff is put (as in the case of the present English tariff) upon articles which are not and cannot be produced at home. Then the tariff furnishes revenue only, and may be regarded as a hindrance to home industry, to the extent that it raises the price of the article and the consequent cost of living to the consumer. On the other hand, in those rare cases among high-tariff nations where the tariff on a commodity which competes with home production is fixed so high as to be prohibitive of importation, the revenue gains nothing, and protection to home industry is the only benefit received. But normally, among the nations which have not abandoned the protective policy, both objects are served.

No form of taxation which has ever been invented has the merits of a tax on imported goods: as the English State, despite its present profession of the Free-import faith, is evidently convinced, seeing that it draws nearly a quarter of its total revenue from this source. This form of revenue collection is good because, first, it is indirect, and the odium attaching to the inquisitorial and dictatorial tax-collector is lacking. There is no payment out of pocket which the citizen so suddenly resents as the handing over of money, for no concrete and immediately apparent value received, to the domineering official who calls for the rates and taxes. Indirect taxation is never felt like direct taxation. When a man buys a pound of tea or tobacco he is not a victim to the feeling of rebellious discomfiture which eats him up when he is called upon for income-tax or poor-rate.

Secondly, and more important from the economic

view, the indirect taxation of the import duty is better than direct taxation, because it is more than likely that, in cases where the imported article enters into competition with a similar commodity of home production, it is not the home consumer who pays the tax, but the foreigner supplying the goods, who has to accommodate his price to the price ruling in the home market, which is determined by competition between the home producers. The home producers' price may let him off a portion of this duty, but in most cases he has to pay a considerable part of it, and not infrequently the whole of it. The tax is then, from the point of view of the home citizen, so indirect as not to be a tax at all as far as his pocket is concerned. And there is thus established the excellent principle of making the foreign producer, who comes into the home market to earn a profit by the sale of his goods, pay for the maintenance of the State wherein that market is situated. This, besides being a most admirable arrangement on the part of the State for the benefit of its citizens, is also perfectly equitable. The foreigner is not obliged to sell his goods in our market. He comes of his own free will and for his own profit, and it is perfectly fair and just that he should subscribe towards that State's maintenance. He benefits by its laws and prosperity; why should he escape contributing to the maintenance of those laws and prosperity? If you want a stall in a market wherein to display your wares, if you want to have them protected and generally to have order kept, you expect to pay your toll. If you are a home producer good care will be taken by the State that

you do pay your toll. With what arguments can you plead for exemption if you happen instead to be a foreigner, competing in the home market with the home producers?

There is a third reason why the import tax on foreign commodities is preferable to any form of direct taxation. The payment is in a sense voluntary. Take the case of English taxation at the present moment as an example. The citizen has, willy-nilly, to pay the taxes which are levied by local authorities on the house he inhabits, or by the State on the income he is supposed to earn. He may wish for some momentary purpose to economize his expenditure; but he cannot economize by spending less on rates and taxes. He can, however, economize on the indirect taxation which he pays on his wines and brandy and tea. Unless he buys these articles, he is not called upon to pay a halfpenny of the revenue which the State collects on them. Or again, in the countries where import duties are levied on articles in competition with those of home production, if the citizen does not care to pay the tax on the imported article, he can buy the untaxed home product; and even if, as is contended by Free-traders, this only means that he has to pay a higher price for the protected home product, because of the import duty on the foreign, and that therefore he pays to the individual producer the sum he would otherwise pay in taxation, he has still the satisfaction of knowing that by so doing he is contributing to the prosperity of his own country instead of that of other nations.

Production and Consumption.

It was said of old, 'If a man will not work, neither shall he eat.' It is upon the economic truth of that saying that the Protectionist takes his stand. Production and consumption are united; but the relationship is parental, and production is the parent. Strangely, this is a hard saying to many of our writers on political economy. Even Lord Salisbury, whose reputation is not that of the Cobdenite, fell into grievous error on the same subject when, in a speech he once delivered as an apology for his continued winking at the present fiscal system of the country whereof he was Prime Minister, he contrasted England with certain other nations, and spoke of them as 'nations of producers,' and of England as a 'nation of consumers.'

The State, as guardian of the nation's welfare, must not labour under any such delusion as this. It is not customary for manna to fall from heaven; what is consumed must first be produced. And it is the State's first duty to discourage heavily any nonsense about concentrating one's interest exclusively on consumption, without regard for the prior and necessary production. It is therefore equally its duty to aid first of all the productive capacity of its citizens. At present the English State, following obedient at the tail of Cobdenite heresy, conceives its duty to be to the citizen only in his character of consumer, and this curiously unfortunate principle is carried to the extent of helping the citizen as consumer, to the detriment of the citizen as producer.

For there has grown up a notion that direct antagonism naturally exists between Production and Consumption. And, as consumption of commodities is a pleasanter process than toiling to produce them, good statesmanship is held to consist in making smooth the path of the consumer by ignoring the producer and frowning upon aids to production. It is as though one should say, Do not trouble your head about earning money; think only of spending it, and if the earning of money interferes with the work of spending it, let the earning go by the board. The Protectionist does not see the matter in this light. In his view the interests of the producer and of the consumer are, in a national view, identical. But whereas consumption is a matter which may very well be left to itself and the individual, production needs to occupy the earnest attention and action of both the individual and the State. And when the interests of the consumer, as represented by the craze for cheapness, are opposed to the interests of the producer, the Protectionist holds that even cheapness may then become too dear. It is well to buy things cheaply: mechanical invention is constantly cheapening commodities; but, even from the point of view of the consumer, there is little advantage in a cheap price-list when that cheapness has been obtained by the injury of the home production wherewith the money to buy even cheap goods is obtained. The State's principle, then, should be, Take care of production; consumption will take care of itself.

Nor can any number of those foreign investments

of which we hear so much make up to the nation in the long-run for a loss in productive energy, even assuming that they at present serve the function of enabling the country to import a large excess of foreign commodities, and allow the consuming energy of the nation to batten ever more insatiably on the cheap goods made cheaper by the foreign flooding of the market.

Free Competition.

But it may be asked, Why should the State concern itself with production any more than with consumption? Why not leave all these matters to the individuals concerned and the freedom of competition? The answer is that the State's function is not that of bottle-holder. It is no more the duty of the State to stand by and watch with indifference the fierce struggle of its citizens against the industrial competition of other nations, than it is the policeman's function to keep the ground clear while a gang of rowdies molest a man in the street. The State does not exist for the purpose of encouraging competition, but in order to safeguard and develop the prosperity of its citizens. Competition between them is to be regulated under special circumstances; but competition from outside, from nations with immense national resources, with teeming, underpaid populations, with such social arrangements and circumstances that their industry is less taxed, with Governments who do protect and aid the industries of those nations by all sorts of powerful methods—from such competition, that is

to say, practically all foreign competition, it is always the duty of the State to afford its citizens' industries shelter.

Let it be said, with emphasis, that unlimited competition is no blessing, but often a very real curse. The competition which forces men and women to accept starvation wages, to use up their energies by long hours of toil under its fierce lash, until their bodies become fit only for infirmaries and their children are a weak and puny race, is not a beneficent thing; and the State is criminally lacking in its duty unless it uses its power to mitigate that competition. John Stuart Mill said that custom was beneficent because, in mitigating competition, it acted 'as the most powerful protector of the weak against the strong.' And Customs duties are as beneficent as custom, seeing that they serve the same purpose of mitigating competition, and thereby fulfilling the State's primary purpose of protecting the weak against the strong. There are who think that in industrial matters the weak should be allowed to go to the wall. They believe, they say, in the survival of the fittest, and that it is only the unfit that will fail to withstand the world's free competition. To contend thus is to misconceive the facts of international industry. An industry may be thoroughly fit to survive—in the sense that it is capable of producing well certain useful commodities, and in the process affording those engaged in it a comfortable, healthy and not too hardly earned livelihood; and it may yet be quite unfitted to survive the unchecked competition of vast quantities of the like foreign commodities, dragged

perchance from virgin soils on which no prior expensive preparation has been lavished, or turned out of factories by underpaid hands, over the conditions of whose labour the home State has no control. In such cases the State should interpose to ward off competition, which, unchecked, will reduce the strong and healthy industry to weakness and helplessness.

In this view it may, indeed, be fairly contended that the State, when it weights the competing foreigner with a protective tariff duty, is only, after all, encouraging *fair* competition; it does but equalize the opportunities of the home and the foreign competitors; it simply insists that its own industries shall not be handicapped.

Free-traders, when confronted with the fact of foreign competition and the suggestion that it would be well to mitigate it by the imposition of protective duties, have a habit of asserting that competition is a healthy and stimulating thing. It is sufficient to quote the present condition of the agricultural and sugar-refining industries as instances in disproof of this wild assertion. But it is curious to follow the assertion to its logical end in one direction: protective tariffs in foreign countries act on English exporters who trade thither in the same way as the competition of foreign goods in the English market—they make the English manufacturer strive ever harder to cheapen his production in order to secure his foothold; therefore, according to the Free-traders' thesis, import duties against us in other markets are a healthy and stimulating circumstance; and Free-

traders should cease their ineffectual strivings to convert the foreigner, unless (as their language oftentimes tempts one to suppose) their cosmopolitan love of the foreigner exceeds their love for their own country.

England's Duty.

Perfect freedom of trade is unobtainable. In point of fact it is not worth obtaining, despite the glamour which always naturally hangs round the word 'freedom' in any connection, and is especially seductive to the theorist on whose philosophic imaginings the disturbing facts of practical life impinge but slightly. It is not well that the products of inferior races or of races living under inferior industrial conditions should be allowed perfect freedom to undersell our own industries; that vast, easily-tilled prairies in other lands should have free power of exploitation in our markets, with the result of destroying our fairest and healthiest industry, and taking from the nation the ability to feed itself, and so secure its independence. But even if we grant the beauty of the theorist's dream of universal liberty to all nations of the world to cut each other's industrial throats in a wide-open market, there is still no reason in the present circumstances why England should take on herself the burden of inaugurating the Cheap Millennium.

Perfect freedom in any department of life is not possible. Even the anarchist, who carries the doctrines of the Free-traders to their logical con-

clusion, is forced to admit so much. In his Utopian community he has to grant that some sort of regulations here and there would be necessary. But I am not addressing anarchists, but ordinary citizens, who will readily admit the necessity of many restrictions on the action of the individual in the interests of the community and in his own interests as a member of that community. We all want as much freedom as possible : the State should grant and secure to us as much freedom as is desirable ; and in determining what and how much freedom is desirable, the State must be guided by the very real, if paradoxical, fact that the most perfect freedom is often only to be obtained by the sacrifice of freedom in certain directions.

It is not the entire absence of restraint that gives the citizen freedom to move about his streets as he chooses, but the restraining force of police and penal laws. The lack of that kind of restraint would only be provocative of a horrible tyranny. So it is in matters of foreign trade. The removal of all restraints on imports may, and in some cases does, serve only to provoke the very opposite condition to that which Free-trade is presumed to secure—the freedom, namely, to earn one's own living in the exercise of those productive functions which are most profitable, and for which one is best fitted and inclined. The English State, therefore, falls into deadly error when it assumes that the more it removes restraints from the freedom of foreigners to swamp our markets with their goods, the more real freedom of trade does it necessarily bring to its own

citizens. The principle is well enough when the freed import is some needful commodity such as cotton, which cannot be produced at home, yet is wanted for the work of an important trade; but when the freed commodity is one whose sale means the ousting of a similar article in the list of home industries, the freedom of trade is granted to the foreigner, and the price is the restraint of the national trade.*

Moreover, the foreign nations, our competitors, practically without exception act in the belief that this complete, literal, mechanical freedom of trade is neither possible nor desirable; and it is very certain that so long as they do act on that belief freedom of trade must remain a myth. Where there is freedom to import on one side and restraints on imports on the other, it is obvious that the country which permits the free access must be disadvantaged in its trading transactions with other nations. That is England's position to-day—a position which the men who promoted the change to Free Imports confidently prophesied would not exist: they told the country that the impossible would happen, and that in a very short space of time Free-trade would be universal, if England gave the lead by abolishing import duties on the bread-stuffs whose production formed the backbone of her industry; and, believing the prophecies, the country adopted the change. To-day the world is

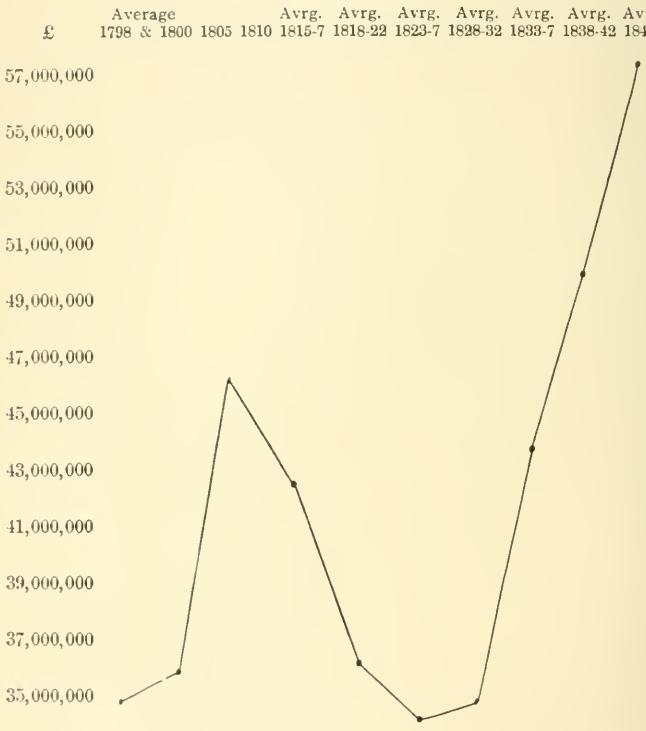
* Even Fawcett, one of the chief champions of Free-trade among the economists, says: 'It cannot be denied that the English suffer, as a nation, by the commercial restrictions of other countries' ('Free-Trade and Protection,' p. 27).

laughing at the failure of those prophecies and of England's attempt to achieve the impossible. Worse, it is taking advantage of the failure to sap our industrial dominion. England's duty seems very clear.

FIFTY YEARS OF PROTECTION.

Declared or Real Value of British Exports (Home Production).

Diagram of Progress from 1798 to 1847.



NOTE.—The above period has been chosen because it represents the last half-century of absolute Protection. The drop between 1810 and 1823-7 is partly accounted for by the fall in prices which commenced about 1810; and the subsequent huge growth in exports is all the more noteworthy as prices continued to fall during the remainder of the period dealt with in the chart. The tremendous impetus given to export in the latter years of this period of Protection helps to explain why the growth did not altogether cease during the first generation of Free Trade.—E. E. W.

II

England's Commercial Growth under Protection

No remark is more common in the writings and speeches of Free-traders than that England's commercial greatness was built up on Free-trade; and no remark is more profoundly untrue. The special malignancy of the untruth lies in the circumstance that it belongs to the order of untruths which are not gross, palpable, complete statements of what is not, but to the order of untruths which are—if not exactly half-truths—let us say tenth truths; statements, that is, which contain an obvious modicum of verisimilitude, but which are otherwise false, and all the more calculated to deceive because of the said modicum. England's manufactures and commerce have made big strides during the half-century which has elapsed since the Free Import policy was adopted by the Legislature: there you have the modicum of truth in the statement; but the greatness was built up in the preceding generations of Protection, and it has slowed down, and even declined, in the later years of the Wonderful Half-Century: there you have the virulent untruth of the statement.

The appeal to history is generally one of the most

solid and important contributions to a discussion. It is also one of the cheapest dodges, sometimes. Whether it be, in a particular instance, the heavy-weight argument or the cheap dodge depends upon whether the historical reference is a reference with a full context or an isolated and a misinterpreted and misleading quotation. The Free-trade appeal to history, one must sorrowfully admit, comes under the latter category. Let me try to make good my words by briefly turning over the pages of England's economic history prior to that chapter from which Free-traders make their unjustifiable quotation.

The Early Seed-Time.

It may be thought scarcely necessary to search back into the early medieval period for the beginnings of the English protective system. Yet it is useful to remind ourselves that right back in Saxon times the Kings of England saw the wisdom of cultivating the nascent and primitive industries of the country. An instance may be found in the law of Edgar, which fixed a minimum price for exported wool. But of the protective laws which marked that far-back period the most notable is the set of 'dooms,' in the laws of Edward the Confessor, which enacted that foreign merchants in England were only to sell wholesale, and were not to interfere with home industry by engaging in any work which would compete with the industry of English citizens. The principle of these laws was maintained many centuries afterwards. Nevertheless, it must not be supposed that these restrictions in any way tended to hold back the

development of English industry, for even in the time of the Confessor foreign artisans found it worth their while to live in England; they were, indeed, encouraged thereto by the King's wise foresight.

But in Saxon and Norman times there was no manufacturing industry in England worth the name, if we except the building trades, which hardly, on account of their essentially local character, come within our purview. There was considerable export trade, but it was in raw materials—tin and lead among minerals, wool and hides among the raw materials for foreign manufacture. There were weavers in England; at Worstead, in Norfolk, there was a considerable industry (conducted by foreigners) early in the fourteenth century; and Dr. Cunningham is of opinion 'that weaving, as a regular craft, was introduced into England by foreign settlers about the time of the Conquest.'* But for the most part the wool was exported raw. There were one or two early attempts to foster the weaving industry by means of protective enactments. Richard I.'s Assize of Cloth in 1197 (subsequently enforced in Magna Charta) operated in this direction. Its object was to restrict or prevent the sale of cloth woven as a household occupation, in order to give a better chance to weavers who had taken up the industry as a regular trade; but the measure also operated against merchants who imported cloth from abroad. The opposition of the merchants, however, appears to have been successful; nor do they appear to have been altogether entirely unsuccessful in opposing the enactment of the Oxford

* 'Growth of English Industry and Commerce,' vol. i., p. 190.

Parliament, in 1258, against the export of wool. They were favoured then, as now, by the indifference of the individual consumer to the source of his commodities. But the rulers of the country wisely persevered in the policy of encouraging the home manufactures, particularly noteworthy being Edward II.'s prohibition of the export of teasles; and we have Dr. Cunningham's authority for the assertion that there is evidence, both direct and indirect, that the 'various attempts at fostering and protecting this trade were successful. English cloth was to some extent an article of export, and was in demand in Aragon.'*

But the real beginnings of England's industrial progress may most conveniently be dated from the reign of Edward III., a monarch who will be remembered for all time in the history of English industry for his wise foresight and determination to make his country a great industrial nation. To this task he devoted himself in various directions, and certain writers have, I believe, seized upon one or two items in his policy of encouraging foreign trade to brand him as a Free-trader. The wish is certainly father to the thought in this case; for Edward III. was a Protectionist of the most stalwart and statesman-like character. True, he encouraged the import of certain commodities, but by no means indiscriminately; and that he did not encourage any importations that could compete with home industry, the famous statutes of 1337 bear eloquent witness. The penalties attaching to breaches of these statutes are of a drastic, medieval

* 'Growth of English Industry and Commerce,' vol. i., p. 193.

kind which would hardly bear transplanting to the legislation of our day; but the statutes themselves, having regard to the circumstances of the time, are so excellent and important as to entitle them to rank as a second, an industrial, Magna Charta. They are the Great Charter of English Protectionism. Let us enumerate them:

Chapter I.: 'No merchant, alien, or denizen, to export wool from England on pain of forfeiture of life and limb, after the Feast of St. Matthias, until it shall be otherwise ordained.'

Chapter II.: 'None to wear any cloth of foreign make after Michaelmas next other than what has been made in England, Wales, Ireland or Scotland, under pain of forfeiture of the same and further punishment.'

Chapter III.: 'No merchant to import any foreign cloth, other than the above, on like penalty.'

Chapter V.: 'Foreign cloth-workers may reside in the kingdom.'*

The sturdy, thoroughgoing Protectionism of these statutes is not the only feature which compels admiration. Chapter I. breathes an almost recklessly unselfish devotion to his kingdom's nascent industries; for Edward's revenue depended in no small measure on the Customs paid into the Royal Treasury on the export of raw wool; in prohibiting its export he was obviously depriving himself of the ancient Custom levy of half a mark on every sack of wool exported. True, as necessity arose—and a campaign always

* Hall's 'History of the Customs Revenue of England,' vol. i., p. 210.

found the King needy—his people made him grants, which were usually in the form of wool, but for these he was always dependent on the generosity of his subjects at the moment. True, also, these statutes were not enforced in their full vigour for any long time, but they had their permanent effect on the development of home industry by the temporary fillip they gave to native production; and they formally incorporated the protective system in the national constitution.

But though Edward III. was wiser than the nineteenth-century statesmen, and knew that a cash basis was not the sole foundation of the nation's prosperity, but that the development of productive capacity within the country was the true foundation, he yet had regard to the interests of the consumer. There are legitimate consumers' interests, and they in no wise conflict with the policy of Protection. Of this Edward's institution of the Aulnager, to supervise the character of the cloth exposed for sale, is pertinent testimony.

Edward III. continued the policy of encouraging aliens to settle in England. This policy was a conspicuous and integral feature of his scheme for planting new and fostering infant industries; yet it is mainly on account of this policy that he has been dubbed by unthinking writers a Free-trader. The policy is essentially Protectionist. Doubtless it was sometimes carried too far, and its principle sometimes misapplied. Alien merchants were encouraged both by Edward III. and by his predecessor in what appears to have been an unnecessary degree. But in at least

one case of this kind the favouring of the foreign against the English merchant was intended as a blow to middlemen in the interests of consumers, English merchants being prevented from forestalling wine in Gascony, and buying it up before the vintage, and subsequently selling it at unjustifiably high prices. This legislation struck at the medieval forbears of our modern speculators; but the measure had compensating disadvantages. Yet Edward had always at heart the interests of his subjects, and was ready to remedy mistakes when they became apparent.

His policy did not fail of its effect. He removed unnecessary restrictions on trading within the realm, and he placed necessary restrictions on trading outside it. Dr. Cunningham, no particular friend to Protectionism, is forced to admit, in his review of this reign, that Edward 'did introduce or improve the manufacture of the "old drapery" so successfully that the export of raw wool began to decline, and the home manufacture came to flourish more and more.'* As Dr. Cunningham also perceives, there was a reason for the success of the Edwardian policy, which, though the doctor does not point the moral, nevertheless contains one which is useful for the theory-ridden industrial statesmanship of to-day. 'The earliest economic legislation . . . reflects the opinions and prejudices of practical men. . . . Early legislation is concerned with providing facilities for trading, for more frequent intercourse, for better markets and better prices. . . . There was much in the Acts of these Parliaments that was mistaken; the legislators

* 'Growth of English Industry and Commerce,' vol. i., p. 308.

erred as practical men would err; there was nothing *doctrinaire* in the remedies they tried or the regulations they proposed; they were often short-sighted, but they were not led away by some favourite theory in the days of the Edwards.'*

Like a second Moses, Edward III. was not permitted himself to lead his people farther than the entrance to the promised land of industrial prosperity. The Hundred Years' War had been a heavy drain on the country's resources, and the Black Death, the most frightful visitation this country has ever experienced, destroyed, according to competent testimony, half the inhabitants, and brought the country into such a ruinous state that generations were needed to recuperate; the land was unable for many years to retrieve the havoc wrought.

The blight of the Black Death was felt through the short reign of Richard II.; but in this period also Acts were passed for the benefit of home trade, such as that which prevented denizens from exporting the staple raw materials—wools, woolfells, leather and lead—upon pain of forfeiting the goods. But this reign is chiefly notable for the original Navigation Act, which was passed in the fifth year. Edward III. had omitted native shipping from his industrial schemes, and it had declined in his reign. Richard's Act ordained that 'to increase the Navy of England, which is greatly diminished . . . none of the King's liege people do from henceforth ship any merchandise in going out or coming within the realm of England' save in English vessels. But this statesmanlike

* 'Growth of English Industry and Commerce,' vol. i., p. 308.

enactment, destined in a later century to be re-enacted to the great profit and glory of the realm, was born out of due time: English ships did not in Richard's time suffice for the international trade, and it was found necessary to repeal the Act in the year following its passage. Hardly, if at all, less notable than the attempt to foster native shipping was Richard's encouragement to native agriculture; this policy is apparent both in the death-blows struck at serfdom and in legislation permitting the export of corn.

In this reign historians see the beginnings of the Mercantile System, which arose in the apprehension of the need for a good supply of bullion in the country by the difficulty experienced in furnishing the money for the Papal dues. Lastly, in this reign English merchants secured legislative protection against the alien merchants who threatened to swamp the internal trading operations of the country.

The succeeding reigns prior to the Tudor Dynasty may be passed with brief mention. The Mercantile System was still consistently in process of development. In Henry IV.'s time we have the Ordinance of Bullion, enacting that no sterling money shall be exported, save half the purchase-money received by alien merchants, who shall invest the other half in the purchase of native commodities. In Henry V.'s reign we find an attempt made to further the country's export trade. There was a petition to the Commons that, since wools of other countries are imported into Flanders contrary to treaty, English cloths shall also be absolved from the prohibition in the same treaty,

and shall have access to the Flemish market. The answer to this petition, as given in the Records, was that 'the King will write to the Lord of Flanders in this matter.'

Henry V., though no Navigation Act was passed in his reign, yet devoted himself with some energy to the encouragement of native shipbuilding. And the three great ships, the *Trinity*, the *Grace de Dieu* and the *Holy Ghost*—famed, years afterwards, in political songs — were launched from Southampton Docks under his auspices. Henry VI.'s reign also recorded enactments for the purpose of aiding home industries. We have prohibitions against the exportation of wool and sheep, and an Act forbidding the exportation of woollen yarn for a period of three years. Moreover, the excellent principle of Reciprocity was put into operation during this reign. As an instance may be quoted an Act ordaining that 'Because of the Ordinances lately made in Brabant, Holland, and Ireland against the importation of English cloths, unless the same be repealed, no merchandise of those parts be imported on pain of forfeiture till the next Parliament'—an Act it was found necessary to continue on more than one occasion during the reign. Nor was the general prohibition of certain manufactured imports flinched from in the interests of home manufactures. In 1455 an Act was passed ordaining that for five years 'no silks, ribbons or laces, etc., should be imported into England on pain of forfeiting £20.'

The Yorkist Kings were no whit behind the Lancastrians in their zeal for the protection of home

industries. In the quarter of a century during which they occupied the English throne after the death of Henry VI., a number of measures were added to the Statute Book designed to protect the native against the alien. Conspicuous among them is the statute of 1463, prohibiting the importation of certain fully wrought wares. Even so early as that day foreign competition was becoming a menace and a nuisance to native artisans. 'Artificers,' complains the preamble to this statute, 'cannot live by their misteries and occupations as they have done in times past;' and, as a consequence, the latter half of the fifteenth century was confronted with the same problem of unemployed urban labour which vexes the latter half of the nineteenth century; but in the earlier century the problem was handled with greater vigour. The list of prohibited articles is furthermore instructive in indicating that protective legislation was already bearing fruit in the growth of manufactures. In the list is an assortment of miscellaneous articles, varying from woollen caps to razors, from dice to sacring bells. And concurrently with the prohibition of fully wrought articles statesmanlike efforts were made to encourage the import of necessary raw materials. The policy undoubtedly met with its reward. In Dr. Cunningham's words, 'There is every reason to suppose that his protective policy was worked with some success, for towards the close of the fifteenth century we begin to hear of an incursion of Italian artisans to reside and exercise their callings, but not to settle in England.'* In 1483 an Act was

* 'Growth of English Industry and Commerce,' vol. i., p. 430.

passed dealing with the evils likely to arise from this alien immigration, and Italian merchants and artisans were restrained from exercising their handicrafts, and from engaging in retail trade, and compelled within eight months from landing to purchase, out of the proceeds of their sales, native commodities.

It is not contended that the wholesome industrial legislation of the fifteenth century sufficed to make the England of that day an economic earthly paradise. The evidence is conflicting. Some historians have it that English rural life was never so prosperous as during the fifteenth century, and the growing prosperity of the towns is likewise insisted on; on the other hand, there are writers who, like Dr. Cunningham, contend that 'the fifteenth-century towns were in a miserable plight.' But Dr. Cunningham himself hastens to point out that this poverty was mainly the result of the Black Death of the fourteenth century, whose effects continued for generations afterwards. The Wars of the Roses had also their evil effect; but the point to notice here is that these evils were much mitigated by the protection afforded to home industry; for it was just in those towns where cloth-weaving was least developed that poverty was most rampant, and it was by a stern protective policy that the cloth-weaving industry was nurtured into vigorous life. Had the modern policy of free imports ruled the England of the later Middle Ages, the foundations of our staple industries had not been laid, and the distress caused by wars and plagues would have been much more acute. It is worthy of note in passing that the State nurture of the cloth trade was not confined to regulations con-

cerning import and export, but was extended to the discouragement of bad and the enactment of rules concerning good workmanship.

The Consolidation of the Protectionist Idea.

The accession of the Tudors marks a convenient stage in the historical division of English industry. For under the Tudor Dynasty were lived the spacious days of world-discovery and colonization and commerce. In Henry VII.'s reign America was discovered, and, by the Portuguese success in rounding the Cape of Good Hope, the sea-route to India. A new note was struck in commercial policy. Merchant vessels no longer confined their voyages to neighbouring lands, but travelled to the ends of the earth. The home markets and the markets of neighbouring European countries henceforth did not engross the attention of merchants and English statesmen; there was now a world-market to strive for. But this extended view did not blind the men of Tudor days to the continued need for protecting and fostering the development of home industry. So we find Henry VII. not only entering into commercial treaties for the security of the Icelandic and Mediterranean trade, but legislating on behalf of the staple woollen industry by prohibiting the export of unfulled woollen cloths; on behalf of the other textile industries by continuing for twenty years the old prohibitions against the importation of ribbons and silks, etc.; on behalf of the fisheries by restraining merchants strangers from selling fish within the realm; on behalf of home industry in general by re-enacting in perpetuity Edward IV.'s

ordinance that aliens should expend moneys obtained by them from selling their produce in the purchase of English produce, and by reviving statutes against the exportation of bullion. We find in this reign an instance of the employment of fiscal retaliation for the purpose of securing better terms from the foreigner in the provision of the Act of 1491, which imposed additional duties on wine, 'to continue until the Venetians abate their new impositions of four ducats at Candy.' And we see, too, in this reign what is practically the beginning of the great series of Navigation Acts under which our shipping pre-eminence was built up: an Act ordaining that Gascon wines and Toulouse woad should only be imported in English bottoms, whereof the masters and mariners shall be English subjects. True, against all this has to be set many serious faults in Henry VII.'s policy. He tried to keep bullion within the country; but he spoiled the effect of his legislation by his own grasping miserliness, hoarding huge quantities of precious metals, which should have been freely circulating within the country; and to miserliness and greed his Ministers added unjust exactions, to an extent that heavily burdened alike the towns and the villages. So grievous, indeed, was the taxation levied on the towns during this reign, that they were not only unable, in spite of extended commerce, to recover from the evils of the troublous times which had passed, but sank, in some cases, into even greater decay.

So far as immediate good was concerned, the reign of Henry VIII. was yet more lacking than his father's.

The great hoard of bullion which Henry VII. had accumulated was quickly put into circulation by his son, and squandered. This, in the circumstances, might be regarded economically as almost a good rather than an evil; but what followed was unmitigated evil of the greatest and most disastrous kind. To furnish the wherewithal for his extravagant expenditure, Henry VIII. debased the coinage, and robbed the monasteries and the craft guilds. The monasteries, which owned a large part of England at this time, were not only the best and most benign of landlords to the peasantry, but they were ever ready to mitigate poverty, and assist the poor man who came to their doors over his period of distress. The guilds were likewise of the highest value to the artisans. It was not so much the actual amount in the guild coffers, which Henry (and after him Edward VI.) stole, which mattered; it was rather that the guild had acted as the bank on which the poor artisan could depend for his solvency in time of need. It was his reserve of capital, and after it was confiscated the first pinch of slack employment reduced the artisan to bankruptcy and beggary. The lands which Henry stole from the religious houses he gave to his courtiers, who in many, if not in most, cases evicted the tenantry, sent the land out of tillage and into grazing, and lived as absentee landlords on the profits of their flocks. In mitigation of this policy it is right to point out that in a way Henry VIII. tried by legislation to encourage tillage and discourage excessive grazing; but such efforts availed little to alleviate the crushing poverty his evil works had brought on the country,

and, to quote from 'The Fall of the Religious Houses' in the Cole MSS., 'there be for one beggar in the first year of King Henry VIII. at this day, in the 33rd year of His Majesty, an hundred.'

It was indeed a sad time for England; and yet it may be contended that out of all this crushing evil there came eventually good. For it was forced upon the rulers of the nation that some more adequate methods than the passing of Vagrancy Laws was needed in order to find work and food for the hordes of beggars who roamed the country, and therefore the policy of fostering native industries by protection, inaugurated in earlier and happier times, was pursued and strengthened, till eventually, by its means, the industrial greatness of England was built up. The Statute Book of Henry VIII.'s reign is full of enactments of a protective character, which not only helped at the time to mitigate the horrors of the national poverty, but also laid the foundations of future prosperity. In this Statute Book are provisions for the continued protection of the great weaving industries, such as those confirming previous Acts forbidding the export of cloths only partially manufactured, and the Act of Apparel, whereby 'no man under the degree of the son of a Duke or Earl, or under the degree of Baron or Knight of the Garter, shall wear any woollen cloth made out of the realm of England, Ireland, Wales, Calais, or Berwick, upon pain of forfeiting the same, and for fine in each offence in £10.' The home linen industry was likewise protected by an Act ordaining that, 'considering the evil results of the importation of linen cloth upon the industrial occupa-

tion of the people of this country, every person cultivating arable land shall henceforth sow a quarter of an acre of Flax or Hemp seed to every sixty acres of such arable land.' Another branch of the clothing trade was protected by the Act ordaining that, 'whereas of late the Employment of poor persons, in the making of Hats and Caps, has been hindered by the importation of the same from foreign parts, ready made, to the advantage of aliens, none such shall be imported after May 1 next'—an Act subsequently modifed by the statute providing that 'Woollen Caps, Hats, or Bonnets, imported from beyond the Sea, shall be sold only at fixed prices.'

The metallic industries were likewise protected. There were Acts prohibiting the export 'on account of the present scarcity of Copper ore, etc., in England, of Latten, Brass, and other mixed metals,' and Acts providing that 'none shall buy foreign Tin Wares on pain of forfeiture'; and there was further legislation against the export of bullion.

Henry VIII. also, in various ways, strove to foster shipping. He founded the Trinity House Fraternity and a Naval Arsenal, and he re-enacted the Navigation Acts. But against this is to be set the system (of which he availed himself so largely as to make the Acts well-nigh dead letters) of selling licenses to foreign shipmasters.

But his son was worse. He formally repealed the Navigation Acts. Edward VI.'s reign must, indeed, be regarded as an interregnum in the development of England's protective policy. The spoliation of religious houses and guilds inaugurated by the father

was completed by the son, and the coinage was yet further debased; and Edward failed to compensate for these crimes by helping forward his country's industry. His Government and his people were alike in wretched straits, living from hand to mouth. Anything for revenue was the motto; and so not only were the Navigation Acts repealed, but the Corn Laws were dispensed with also. Edward VI.'s kingcraft was a model of how not to do it. He was a sixteenth-century edition of the sentimental, unscientific economist whom we know so well to-day. He seems (according to his lights) to have meant well on the whole, and he sought to alleviate his country's misfortunes by publishing a tract, the gravamen of which was that the members of the various classes in society should confine their wealth within certain bounds, and not hold more than was necessary for keeping up their particular station in life. But, as Edward legislated in the fancied interests of the consumer and against the productive capacity of the nation, and, as a consequence, poverty became more rampant, he need scarcely have troubled himself to exhort his subjects not to get too rich. Yet Edward's Free-trade sentimentalism was not carried into practice with thoroughness. The older policy showed its head here and there, as in the continuation of the prohibitions against the export of white ashes (this in the interests of the cloth trade), of mixed metals and of bullion.

With the accession of Mary brighter days began to dawn. Her reign is particularly associated with the new policy of impositions—that is, taxes over and

above the old Customs and the tonnage and poundage levied on goods imported by aliens and on the import of foreign luxuries.

Whatever may have been the trouble arising from this method of taxation afterwards, it was certainly not unpopular in Mary's day; for it acted, and was so regarded by Englishmen, as a much-needed and healthy stimulus to home industries. And it only needed the revival of shipping under the Navigation Laws, re-enacted by Elizabeth, in conjunction with these impositions, to drive the alien merchant out of the field. In Mary's reign, too, the system of import duties was put on a more satisfactory basis by the compilation and issue of a Book of Rates, wherein the values of imports were officially stated: hitherto that matter had been left to the merchants themselves. Mary also continued her father's restrictive legislation on foreign hats and caps.

But it is to the legislation of Elizabeth's reign that the Protectionist turns most fondly; for not only was the policy of fostering home industries thitherto followed carried on by Elizabeth, but it was pursued with more determined vigour, fuller completeness, and more statesmanlike aim. Several factors entered into this result. There was the desire for greater treasure in the country, both for royal and for private coffers; there was the pressing need for finding employment and a living wage for the crowds of unemployed or slackly employed workmen which Elizabeth's reign received as a legacy from former times; and there was the luxuriant growth of what to-day we should call Imperialism, following on the

discoveries in America and the opening up of other distant markets, which looked like being engrossed by Flemish and Dutch manufacturers: such were the leading impulses in Elizabeth's Protectionist policy. Let us glance briefly at some of her enactments.

On behalf of home manufactures we find renewed prohibitions against the import of certain finished goods, and an enactment that for every nine unwrought cloths exported, one fully wrought cloth should be added. To the same end restrictions were placed on the export of unmanufactured products, a notable statute being that which prohibited, under grievous penalties, the export of live sheep. This law operated not only to keep a large supply of wool in the country, but to discourage excessive grazing—that curse of husbandry. Agriculture, as also the Navy and shipping, were further served by laws 'for the better increase of tillage and the maintenance and increase of the Navy and mariners of this realm.' The fisheries likewise were encouraged, in order to form the personnel of navigation: fish caught by subjects in subjects' ships might be exported without paying Custom; while, to encourage native fisheries, the import of salt fish, save from Iceland or Newfoundland, was prohibited, except on the payment of additional duties corresponding to those charged by foreign Governments on the importation of English salt fish. And to the two weekly statutory fish-eating days was added Saturday, in order to encourage a still larger home consumption. On behalf of English shipping also there were passed new Navigation Acts. Other statutes imposed regulations for securing good

workmanship in the weaving trade; for it was widely recognised that tariff laws alone would not avail for successful competition in the world-market with the excellent work of the Flemish and Dutch weavers; and when religious troubles drove Protestant artisans from the Continent, they were welcomed in England, and carefully domiciled in various centres of industry, that they might teach better workmanship to the natives. It was with the same view of consolidating and developing the productive forces of the nation that the famous Poor Law Act and the hardly less famous Statute of Apprentices were passed, under which latter a by no means unsuccessful endeavour was made to foster employment at good wages.

Reviewing Elizabeth's Protectionist policy, one cannot withhold admiration for the far-sighted statesmanship which deliberately incurred losses to the Customs revenue of the Crown in order to encourage native production; and reviewing the effect of that policy no impartial student can deny its success. Read the testimony of so impartial an authority as Dr. Cunningham: 'The management of industry, especially the planting of new manufactures, rendered our trade more profitable for the purpose of acquiring treasure; together with tillage, it gave employment and the necessary conditions for regular life and population, and thus favoured the security of the realm from internal disorder. The Corn Laws, by encouraging tillage, had similar effects: they also helped to provide suitable conditions for a constant supply of food. The punishment of those who would not work, and the support of those who could not, were subordinate

points in this great scheme of national regulation, which aimed at directing the industry and trade of each so as to promote the power of the nation as a whole. Since the time of Adam Smith it has been the fashion to decry this policy; but we may notice that the wisdom of the whole scheme is apparently justified by the striking development of national power which took place during the period when it lasted.'* Not only do the declamations launched against extravagance and luxury during this period indicate the prosperity of the richer classes, but such wisps as the increase in chimneys, and in the quality of bedding and furniture among the poorer classes, point to the happy direction in which the wind of prosperity was beginning to blow. Dr. Cunningham furnishes another criterion in the passage wherein he points out that 'in the times of Henry VIII. and Edward VI. we get an idea that the able-bodied tramp who had no employment was the chief difficulty. In the seventeenth century we hear less of this evil, except in so far as it was directly due to the war.'† A seventeenth-century writer tells us that 'in Queen Elizabeth's day good husbandry began to take place.' Additional proof of agricultural prosperity is found in the gradual increase of rents consequent on improvements effected on the land by the enclosing of pastures and the draining of marshes. The birth of capitalism in Elizabeth's reign further indicates the growing prosperity, showing that the

* 'Growth of English Industry and Commerce,' vol. i., pp. 16, 17.

† *Ibid.*, p. 200.

nation no longer lived from hand to mouth; even comparatively poor people made substantial savings.

The value of the protective policy, whose foundations had now been laid so well, was to be put to the test during the seventeenth century. Just as to-day we are confronted with the competition of Germany and of the United States, so our forefathers in the Stuart period were assailed by the competition of Holland, then at its zenith. There was a difference, however, and the difference bore against England. The problem of to-day is to ward off foreign attacks on our achieved industrial supremacy. In the Stuart days the question was how to wrench supremacy from the Dutchman's grasp. England was handicapped on the start by the towering pre-eminence of Holland; but the history of that period shows how well she comported herself in the struggle, and with what triumph she came out of it. Before the end of the century English industry and trade were superior to Holland's. The thing was accomplished by adhering to the protective principle and developing its application. The Stuart times were times of great disorder in Church and State; civil war raged, Kings were overthrown. It was a time when one would naturally think that the interests of industry and commerce would have been neglected, and would have languished, and the fact—for it is a fact—that throughout that troublous period the industrial development of the country proceeded steadily to world-success, speaks most eloquently. However Englishmen may have been divided on other questions, on one they were united—on the question, namely, of steadily pursuing

a commercial policy which would secure to their country a favourable balance of trade, and build up its commercial greatness.

The reign of James I. need not detain us. It suffices to say that in this reign was continued the commercial policy of its predecessor; though James's legislation with regard to tobacco perhaps deserves a word of special recognition: for in that legislation is to be traced the birth of the policy of preferential trade within the Empire. By prohibition and by modifying fiscal legislation James endeavoured to foster the plantations of the Virginian colonists to the exclusion, or partial exclusion, of Spanish tobacco. This legislation, which was the personal work of the monarch, shows all the more statesmanlike when it is remembered that it was achieved against the King's own interests; for he not only risked the friendship of his valued Spanish ally, but also deprived himself of considerable revenue in the process.

This tobacco legislation was further amended in the reign of his son, the result of whose readjustments was that Spanish tobacco had to pay 400 per cent. more than that of the English colonies; while other foreign tobaccos had to pay double the Spanish rate. Another enactment of Charles I.'s reign worth noting is the Act which allowed the export of grain when prices were down to a certain specified level, thus encouraging tillage and stimulating the numerous benefits which a healthy agriculture affords to a country, and at the same time ensuring an adequate supply of food in the country; for low prices would naturally mean a surplus harvest, in which case there

was of course no danger to the national food-supply in exporting the surplus.

The oneness of mind among Englishmen regarding the paramount need for developing the country's commercial power by State aid is well illustrated in the policy of the Puritan period. The Reign of the Saints in many points of view does not make a pleasant chapter of English history. It is a record of sour tyranny at home and savage oppression in Ireland; of cruel slavery, rendered more loathsome by the smug assumption of righteousness on the part of those who practised it; of bloodthirsty exterminations of Redmen in America. It is needful to notice these things in an economic review of the period, since they had injurious effects on industry as well as on morals; yet, notwithstanding, these Roundheads had the root of the matter in them: they waged against the Dutch the fight for commercial supremacy with tremendous vigour and with success to correspond; they maintained energetically the protective principle. Their crowning achievement was the great Navigation Act of 1651. In this Act were perfected the various partial and spasmodic attempts of earlier days to build up into a great industry the maritime commerce of England. We are now reaping richly its reward.

The Act provided that no merchandise, the produce of Asia, Africa, or America, should be imported into England in any but English-built ships, commanded by an English master, and navigated by a crew three-fourths of whom should be Englishmen, nor any fish exported from or imported into England or Ireland, except of English taking. By this Act, vigorously

enforced, our trade with foreign nations received an immense impetus, a great shipping industry was created, a race of seafaring men was bred for the Empire's defence—making our world-Empire possible—a new manufacturing industry of vast proportions was stimulated, the protected fisheries dotted our coasts with thriving villages. In a unique manner the Navigation Act subserved admirably a number of various and often opposed interests. In industrial legislation the statesman is often confronted with the problem of reconciling various interests, of aiding one industry without hurting another; and the problem is not always easy of solution. But in the Navigation Act manufacturer and merchant, fisherman and shipowner, capitalist and labourer, were alike benefited hugely. In the whole record of industrial and commercial legislation it would be difficult to point to any single measure of greater good than this one. The date of its passage through Parliament deserves to be marked as a national holiday.

In accordance with the continuity of industrial policy which marked the era, Charles II. took the earliest opportunity after the Restoration for confirming the Navigation Act of his usurping predecessors. Charles also continued Cromwell's attempts to ascertain the condition of national trade by appointing, in 1672, a Standing Committee on Trade, which should have special regard to the welfare of the colonies. This project for establishing a Board of Trade was, however, still-born—to be successfully revived in William III.'s reign. Though a little aside from our

main subject, Charles's efforts to encourage inland waterways and the carriage and storing of grain may yet be mentioned, as well as his endeavours (unsuccessful owing to opposition in England) to develop the resources of Ireland. Nor should his efforts to encourage agriculture be overlooked. Following the earlier policy, it was enacted that corn might be exported when at a price below forty-eight shillings a quarter, and when it reached this price it might be imported, subject to a duty of five shillings a quarter —a measure well designed in the interests of producer and consumer alike.

Of the succeeding reigns we need not stay to speak in detail. We may just, however, note in passing the warfare against the menacing power of the French undertaken by William III.—war dictated by an Imperial commercial policy, and resulting in the further development and consolidation of England's power and commercial greatness. In Queen Anne's reign the famous Methuen Treaty of 1703 may also fitly be recorded. Under that treaty English woollen manufactures, whose entry into Portugal had been prohibited on behalf of the manufacture there, were granted admittance, on condition that Portuguese wines in England should only pay two-thirds of the duty charged on French wines. This astute treaty vastly improved the English textile trade, besides bringing a great amount of much-needed bullion into the country, and without injuring any native industry, the only sufferers being French vineyards and Portuguese mills.

The Era of Industrial Revolution.

So we are brought on to the eighteenth century—the era of the great Industrial Revolution, the era of England's marvellous commercial expansion. I have perhaps referred in somewhat wearisome detail to the steady consolidation of Protectionism in England in the preceding centuries; but my purpose will be apparent: it was to show in what manner the foundations of England's industrial prosperity were laid. As we hear so much nowadays about our country's industrial greatness being the result of Free-trade, it is necessary to show that that greatness was built up, not on Free-trade, but on rigid Protection. The Free-trader might have something to say for himself if he could show that in the eighteenth century, when the country's commercial and industrial outlook began to expand so widely, the old protective policy had been abandoned, and that in the previous generations of Protection the country's industries had been declining; but it is not possible for him to do either of these things: for the country's industrial prosperity had been making steady progress, in spite of wars and revolutions and other disturbing factors, ever since the time of Elizabeth, when the protective policy of her predecessors may be said to have first attained scientific consolidation. Those were the days of seed-time, when the land was made ready for the harvest of the Industrial Revolution. Without this preparation England would not have been able to reap so rich a reward from the outburst of scientific invention which marked the eighteenth

century. And in the eighteenth century the protective policy was not reversed. Rather it was strengthened.

I need not stay now to list in detail all the protective measures which, during this period, were instituted for the purpose of still further consolidating and bringing up to date, in accordance with current needs, the previously existing system of Protection; but a few instances of what was done will not be out of place, if only to disprove the theory of some nineteenth-century Englishmen that great industrial expansion was, and can only be, the result of a Free-trade policy.

The Bounty system was largely resorted to for the encouragement of industry in eighteenth-century England, as it is in other countries and in British colonies in the nineteenth century, and with equal success. In 1703 bounties were given to American colonists on the export to England of pitch, tar, hemp, turpentine, and masts and spars, that so the Swedish monopoly in these commodities might be destroyed. This supplement to the Navigation Act is worth bearing in mind, both when unfriendly critics of England's old colonial policy speak of that policy as selfish and inimical to the interests of the colonies themselves, as also, in these days of Imperialism, to remind us that when we are called upon to help our colonies afresh we are not asked to give some new, unheard-of gift, but only to return to the policy of our forefathers. Nor were British ship-builders forgotten: bounties were also given to those who turned out ships of good class, such as three-deckers, which

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might be serviceable in the country's defence. By an Act of William and Mary, three-deckers of at least 450 tons, and capable of carrying thirty-two guns, were allowed a tenth of the tonnage and poundage duties on the first three voyages of the vessel. Bounties were likewise granted to vessels engaged in the whale fishery, an industry in which Dutch supremacy had been maintained after the general overthrow in the seventeenth century.

The textile manufactures were not overlooked. The silk industry was not only benefited by the remission of previously existing export duties, but received export bounties besides, as when, in 1722, bounties were granted amounting to three shillings on the export of every pound of silks, four shillings on silk mixed with gold or silver, one shilling on silk stockings, etc. Raw silk from the colonies—this is particularly worth noting—was admitted free, and the duties on foreign silk reduced, and (in 1765) foreign silk manufactures were prohibited.

Earnest efforts were made to foster the linen trade, both by granting bounties and by placing fresh duties on foreign linen manufactures, the proceeds whereof went into a fund for encouraging the home growth of hemp and flax. In connection with this industry, too, we note a particular care for the home manufacture of linen, when it was threatened by the importation of East Indian muslin and calicoes. Here arose somewhat of a dilemma. The linen manufacturers were being badly hit by the competition of the East Indian wares, and thus came opposing national interests. It was desired to help

the linen manufacturers without hurting the prosperity and work of the East Indian Company in developing our Oriental Empire. The antagonism was solved by allowing the East Indian Company to import their wares for re-export only, and not for home consumption; the goods being locked up in warehouses on their arrival here. (The general policy of the nation provided plenty of neutral markets wherein to sell these goods.) This piece of legislation is worth noting in view of the current Free-trade criticism that it is impossible to help one industry without hurting another.

Sturdy efforts were likewise made on behalf of the old staple industry of the country—woollen manufactures. In 1740 the import duties on woollen yarn from Ireland were remitted, so fostering the pastoral and spinning industries in the Sister Isle and the manufacture in Great Britain at the same time. The import duties were also removed from foreign dyes, save when those dyes were destined for re-export; but, as it was not thought well that England should be necessarily and entirely dependent on the foreigner for dyes, attempts were made both in George II.'s and George III.'s reigns to encourage the native cultivation of madder. The export of wool was prohibited, and duties were levied (in Queen Anne's reign) on the export of white woollen cloths, so that the complete manufacture might be kept in the country. On behalf of the sail-making trades, there was an enactment (in George II.'s reign) that every vessel built in England or the American colonies should have her first outfit of sails made in England.

The export trade was further encouraged by the system of retaliation. Thus, in Anne's reign we have a prohibition of the import of Flemish lace, designed to open to our wares Flemish markets, which had been closed.

Agriculture is a subject for separate treatment; but record may be made here of the system (developed from the Stuart policy and continued through the eighteenth century) of granting bounties on the export of wheat when the price was below forty-eight shillings a quarter. This stimulated the growth of food in the country, and so helped to secure an efficient home-supply during famine years.

It happened that these centuries of experiment and development of fiscal legislation eventuated in time in a very complex tariff law. Additional duties were imposed, not by a recasting of the tariff, but by adding to existing subsidies and imposts. The work of calculating the actual amount of duty payable on any particular import, or the actual rebate allowable on any particular export, became a labour of portentous intricacy. Under Mr. Pitt's administration, therefore, in 1787, the system was overhauled and the tariff codified and simplified. It might seem unnecessary to point to this consolidation of the tariff law as an instance of the proposition that Protection and a tariff so intricate as to be hampering to commerce are not inevitably associated, were it not that Free-traders do not easily tire of telling us that the old muddled Customs were the normal and necessary accompaniment of Protection, conveniently forgetting that those Customs were simplified in 1787, and that

Protection flourished just as well afterwards as before.

Any approach to an adequate account of the progress made during the eighteenth and the earlier half of the nineteenth centuries is impossible within my limits; but two or three leading statistical facts may be cited as indications of the bounding prosperity of those days of protected industry. The make of pig-iron increased from 17,340 tons in 1740 to 1,248,781 tons in 1839, and to 3,710,000 tons in 1861. England's exports were worth, according to the official value, £6,788,166 in 1699; they were worth £29,196,198 in 1796. The exports of the United Kingdom were worth £31,064,492 in 1805, and £97,330,265 in 1850. The tonnage of English ships cleared outwards in 1697 amounted to 144,264 tons; though 1797 was a year of war, and so marks a drop on previous records, the tonnage was 971,596 tons; in the first year of peace afterwards (1802) the tonnage was 1,459,689 tons. The population of England and Wales was 5,500,520 in 1688; it was 8,675,000 in 1790; it was 17,927,609 in 1851; which hardly bears out the rhetorical flourishes of Free-trade orators concerning a people starving under Protection. Finally, to take the period of Corn Law agitation, when, according to the Free-trade legend, industry was being throttled by Protection, we find that in the eight years between 1839 and 1847 the number of hands employed in the cotton, woollen, worsted, flax and silk industries increased by 121,240, or 28·62 per cent. Dr. Cunningham was amply justified when, writing of the year 1803, he said:

'It is hardly possible to exaggerate the commanding nature of the commercial and industrial position which England had now attained.'*

The results of indirect observation confirm the tale which these and similar figures tell. The immense improvement in farming is an instance to the point. This improvement is not only direct evidence of the general prosperity of the queen of industries; but the large sums devoted by men of wealth to the land and its betterment are indirect but real evidences of the general prosperity of the country: poor and struggling men do not lock up their money in costly agricultural experiments, the return from which is bound to be both slow and uncertain. Hear a contemporary writer, John Wade, in his 'History of the Middle and Working Classes' during George II.'s reign: 'Shipping increased, agriculture, commerce and the manufacturing arts flourished. Under numerous Enclosure Acts the waste lands were reclaimed; new roads were opened and old ones improved; bridges were erected, and numerous rivers widened and deepened, for facilitating internal communication; vast quantities of corn were annually exported. The balance of payments in return for the excess of exports, in grain and other commodities, kept up the circulation almost without the aid of a paper currency: commercial interest ran steadily at 3 per cent. The prices of the public securities rose above par. . . . In London no fewer than eight new parishes were erected between the Revolution and the end of the reign of George II.'

* 'Growth of English Industry and Commerce,' vol. ii., p. 515.

At the close of the eighteenth century, Lord Lauderdale, in his 'Inquiry into the Nature and Origin of Public Wealth,' writes: 'England is the only country in Europe where wealth is so diffused that the great body of the manufacturers—that is, a great proportion of the people—can afford to enjoy a mixture of animal with vegetable food for their nourishment.' Archibald Alison, in his 'England in 1815 and 1845,' writes: 'Considered in one point of view, there never was a nation which, in an equal space of time, had made so extraordinary a progress. . . . It is probable that such an accumulation of wealth never existed before in any single State, not even in Rome at the period of its highest splendour.'

It is needless to multiply the evidence; but two additional facts remain to be mentioned: (1) During the eighteenth century and the early years of the nineteenth century England's resources were terribly drained by a series of long and costly wars—wars which would have ruined any but a thriving nation, and a most thriving nation would not be expected to do more than mark time industrially while such a burden was upon her. Yet this was just the period of England's most marvellous expansion. (2) It was the enormous growth of English protected industry and shipping which supplied England with the sinews of war, and gave her such naval supremacy that she was enabled to triumph over her enemies and maintain and develop her vast Empire.

I am not, of course, for a moment contending that it was all the result of Protection, but the facts plainly

show that it was largely the result of Protection. Much was owing to the progress of scientific invention; but before the works of Arkwright and Stephenson had changed the face of manufacturing industry, the conditions which made for progress were well under way, and very much of that progress had been actually accomplished.

Wheat Acreage in the United Kingdom from 1853 to 1893 (in Triennial Averages).

III

The Agricultural Case

Protection to agriculture in England has so many special characteristics, and has such a special history of its own, that it may well be considered apart from Protection to manufactures.

Agriculture is the necessary foundation of an industrial community. The early history of all peoples exhibits the same course of progression: so soon as they have passed beyond the stage of nomad tribes, and have become a nation with a settled home, their main employment is the tilling of the soil, and this business becomes the bulwark and foundation of their more developed industrial life. In modern colonization we get a curious reproduction of this rule. Sheep-runs and mine-prospecting are the modern equivalents for the primitive nomad life. A glance at the development of new countries—Australia is a good instance—shows that the initial stage is the preparatory sheep-run or mining rush, and that the real development of the country as the home of a new nation begins to take place in the succeeding stage, when farmers come to break up the soil.

As an industrial society progresses it gradually accumulates in its polity a number of manufactures.

Certain of the more primitive manufactures are, of course, with it from the first: the building of houses, the weaving of cloths, the tanning of skins, the fashioning of implements, are present even in the earliest agricultural stage; but they do not figure largely, and are for the most part performed as subsidiary industries by men whose main occupation is agriculture. Specialization of function comes later with the growth of the community, and manufactures as separate industries gradually arise. At first they are merely for the convenience of the big agricultural community in which they are placed, but among modern civilized nations, whose growth in population has created a surplus of labour, and whose growth in the arts of life, and the material wants for enjoying those arts, has created a large demand for other things besides food and the simpler articles of use, important manufacturing classes arise, and may increase to such an extent that the nation becomes known as essentially an industrial—that is, a manufacturing—as distinct from an agricultural nation; in such cases there is the danger of abnormally enlarged manufacturing industries obscuring the essential business of all industrial societies—the supplying themselves with food. England is the pre-eminent instance of a country which, owing to a number of fortuitous circumstances, combined with the recuperative and other energies of its people, has made such huge advances in manufactures that it has practically ceased to be regarded as a food-producing nation at all. This huge development of the manufacturing industries is a healthy and pregnant sign of a nation's power and advance

in civilization, and has made it the envy of all its neighbours. The fact is therefore matter for rejoicing, not for regret; but it must not be forgotten that without agriculture there would have been no manufactures. England was only enabled to turn her attention to manufactures after she had made such progress with her agriculture that she could feed herself in comfort, allowing a good margin for the natural increase in her population, which the comfortable life of that population engendered, and yet have a big surplus stock of energy and labour left over.

Regarded thus, manufactures are subsidiary to agriculture. They spring from it as from a mother; they are largely nurtured by it. Even to-day this is seen; factory and commercial towns still draw their workers from the surplus labour of the villages.

Agriculture, then, has been the necessary parent of our manufacturing greatness; and it is still necessary. Its continued prosperity is needful for giving employment to a large part of the population; for even in the decayed condition of rural industries in England to-day agriculture still employs far more hands than any other one industry. It is needful not only, so to speak, in its own interests, but also in the manufacturing and commercial interests of the country; it affords the best and readiest of markets for manufactures, and the peculiar healthfulness of field employment produces vigorous children more prolifically than the cities, and so forms a constant reserve of labour for the manufacturers to draw upon. It is needful in the interests of the nation at large, for

these same reasons of healthfulness and vigorous reproductiveness, as it ensures that at least one large section of the community shall live healthy lives, and be able to furnish the right arm of the country's defence with a constant supply of the living sinews of war. In this connection the gathering of the harvest of the sea ranks side by side with the gathering of the harvest of the land. Fishing and agriculture must be considered together.

The Corn Laws.

It was a wise understanding of the needs for a healthy agriculture, even in the midst of bounding manufacturing and commercial development and prosperity, which prompted our great-grandfathers to protect, by fiscal laws, the rural industry of this country. Agriculture, as we have seen in the last chapter, had been protected by import duties and other fiscal measures long before the time of our great-grandfathers, and owing to that early protection (as Sir Robert Peel told the House of Commons), 'the fen has been drained, the wild heath reclaimed, the health of a whole people improved, their life prolonged, and all this, not at the expense of manufacturing prosperity, but concurrent with this wonderful advancement.' Thus spoke Peel in 1839, when reviewing the fiscal history of England over two preceding centuries; but we may here commence our survey from the modern period of scientific protection of agriculture marked by the famous Corn Law Act of 1815. If nothing else, that law was an act of gratitude—gratitude conscious of favours yet to come

—marking the State's sense of its obligations to the agriculturists of the country, who had kept the country supplied with ample food during the long period of war which had just closed with the crowning triumph of Waterloo, who had supplied the State with the men to fight those wars, and with the money besides; for the major part of the nation's wealth—certainly the major part of the nation's taxed wealth—was still drawn from the land, despite the recent great growth in commerce and manufactures. During the years preceding the Great Peace, agriculture had been vastly improved and extended; erstwhile waste places, hill-tops, and marshes had been made yellow with corn-fields. Now that the war was over, and the ports of the kingdom opened again to the influx of foreign merchandise, it would indeed have been base ingratitude had the State exposed the great agricultural industry, which had been its bulwark in the time of trouble, to the ruinous competition of the foreigner. And it would have been the stupidest folly. The population was growing, war might come again in the future; the duty of the State was clearly to take such measures as would encourage the farmers to continue their extended tillage, that so the land might supply the country's food in the future as in the past, might give the State a stable source of wealth, might continue to furnish it with healthy sons. So the Corn Law Act was passed.

Never, perhaps, has any law of any Government been so vilified and maligned as this law. To read but a tiny part of the abuse poured out upon it and upon its operation by the agitators of the Forties and

their later disciples, one would imagine that all the cruel and stupid tyrannies of misgovernment throughout the world's history had been concentrated with devilish ingenuity in the Corn Laws. Dictionaries were ransacked for synonyms of stupidity, malignity and selfishness, to hurl against these measures. And for the most part the present generation of Englishmen has grown up in the tacit acceptance of the diatribes then concocted, and men have commonly regarded the Corn Laws as a great curse, which sat upon England in the Dark Ages of her history, and was removed by the shining light of the gospel of those disciples of progress, Cobden and Bright. It may, then, be useful to state shortly the provisions of the Acts.

The Act of 1815 provided that foreign and colonial corn, meal or flour might at all times be imported and warehoused without payment of duty, but could only be taken out of warehouse for home consumption, or entered for the like purpose on importation, when the price of British corn should be at or above the following sums, and then duty-free:

	For Corn of the British Colonies in North America.	For Corn not of British Colonies in North America.
Wheat...	67s. per quarter.	80s. per quarter.
Rye, pease, and beans	44s. ,,	53s. ,,
Barley (beer or bigg)	33s. ,,	40s. ,,
Oats	22s. ,,	27s. ,,

Here it is interesting to note that the average price of wheat in the three years prior to 1815 (when the import was practically free) was 100s. 5d. per quarter. During the seven years this Act was in operation the average price was 72s. 10d. only, thus showing that

the protection afforded to the British farmer did not raise the price of wheat, but, by making him feel secure against ruinous foreign competition, stimulated him to production, and so tended to reduce prices and benefit the consumer.

In 1822 another Corn Law was passed, which enacted the following table of prices at which import was permissible, in place of that given above:

	For Corn of the British Colonies or Plantations in North America.	For Corn not of British Colonies or Plantations in North America.
Wheat...	59s. per quarter.	70s. per quarter.
Rye, pease, and beans	39s. ,,	46s. ,,
Barley (beer or bigg)	30s. ,,	35s. ,,
Oats	20s. ,,	25s. ,,

But instead of being admitted free when prices were as above, import duties were now levied. I need not set these out here at length; it will suffice to give an excerpt from the scale of the duties applied to wheat. These were as follows: When the average price of British corn was under 67s. a quarter, corn might be admitted from British North America on payment of a 12s. duty; when between 67s. and 71s., on payment of a 5s. duty; above 71s., of 1s. duty. Foreign corn was subject to duties on a similar scale; only for the first duty read '80s.' instead of '67s.'; for the second read 'at or above 80s., but under 85s.'; for the third read 'at or above 85s.' But, notwithstanding the greater stringency of this Act, there was again a fall instead of a rise in prices. The Act was in operation for six years, and during that period the average price was only 59s. 1d. It is also interesting to note, with respect to this period, that the largest

import took place in the last year (1828), when the quantity imported amounted to 842,050 quarters, and the price was 60s. 5d.; in the first year of the period (1823) the import only amounted to 12,137 quarters, and the price was only 51s. 9d.; thus indicating that there is more security for a moderate price in a big home supply than in a restricted home supply and a necessarily enlarged import.

In 1827 another Corn Law was enacted, amending the provisions of the 1822 Act; but as it was only in force for less than a year, we need not trouble to consider its provisions. More extensive alterations were made in 1828, when the former Acts were repealed, and a new Corn Law enacted, whose provisions in respect of wheat duties are set out below:

Duties on Wheat imported from any Foreign Country.

When the average price is—

66s., and under	67s.,	the duty to be	20s. 8d.	per quarter.		
67s.,	,,	68s.,	,,	,,	18s. 8d.	,,
68s.,	,,	69s.,	,,	,,	16s. 8d.	,,
69s.,	,,	70s.,	,,	,,	13s. 8d.	,,
70s.,	,,	71s.,	,,	,,	10s. 8d.	,,
71s.,	,,	72s.,	,,	,,	6s. 8d.	,,
72s.,	,,	73s.,	,,	,,	2s. 8d.	,,
At or above		73s.,	,,	,,	1s. 0d.	,,

And in respect to every shilling or part thereof by which such price shall be under 66s., the duty to be increased from 20s. 8d. by 1s.

Duties on Wheat, the Produce of and imported from any British Possession out of Europe.

When the prices are—

Under	67s. 0d.	per quarter,	the duty to be	5s. 0d.
At or above	67s. 0d.	,,	,,	,,	6d.

Wheat meal and flour, per barrel of 196 lb., a duty equal to that payable on 38½ gallons of wheat (or of a quarter).

It may also be mentioned incidentally that under this Act there were prohibitions against the consumption in the United Kingdom of imported malt; in Great Britain of all ground corn except wheatmeal and flour or oatmeal; in Ireland of all ground corn.

Here, again, we have an increase in the duties, which, according to the Free-trade contention, should have resulted in an increase in the price. But during the fourteen years this Act was in operation the average price was lower than under the preceding Act—58s. 3d., instead of 59s. 1d.; or, if we omit the four years 1838-41, during which the harvest failed, the average price of the 1829-42 period is only 54s. 11d. Mr. A. Williamson, when dealing with this period in his book 'British Industries and Foreign Competition' (p. 34), pertinently points out that if the duty, according to the Free-trade thesis, is always added to the natural price, then, as the duty on the average price of 39s. 4d. which ruled in 1835 was 34s. 8d., the price, had there been no duty, would only have been 4s. 8d.; which is as complete a *reductio ad absurdum* of the theory as the most exigent Protectionist need wish for.

Another Corn Law was passed in 1842. Its purpose was to reduce the impost. In respect to foreign wheat, the duty became 20s. a quarter when the price was under 51s., and fell a shilling for every shilling that the price rose, being reduced to 1s. a quarter, as in the 1828 Act, when the price was 73s. and upwards. Reductions were also made in the duties on colonial corn. When the price was under 55s., the duty was 5s., and fell 1s. to correspond with the rising price,

standing at 1s. when the price was 58s. and upwards. In the following year, however, these duties were still further reduced in respect to Canada, whence came the bulk of the colonial imports, by a statute which enacted that, in consideration of the duty of 3s. per quarter having been imposed by the Legislature of Canada on wheat imported into that province from other places than the United Kingdom or British possessions, the duty on wheat and wheat flour the produce of Canada imported into the United Kingdom after October 10, 1843, and during the continuance of the duty of 3s. in Canada, was to be at all times 1s. per quarter on wheat and on flour for every 196 lb., a duty equal to that payable on 38½ gallons of wheat (or 41s. 8d. per cwt.).* This enactment is specially interesting at the present time, when Canada is again making a preferential tariff with the Mother-Country.

To continue our comparison of prices, it may be mentioned that during the four years this Act was in operation, the average price of wheat was 51s. 9d. per quarter, which shows a continuance of the tendency towards lower prices; but, lest a Free-trade critic should fasten on this instance of a lower price accompanying a lower duty, and, in defiance of the lesson taught by the other periods, claim that 1843-46 average in proof of his theory, it will be as well to point out that the first of the four years has the lowest price—50s. 1d.; the last year's price is 54s. 8d. It is *primâ facie* admissible to argue from

* 'Customs Tariffs of the United Kingdom,' by T. J. Pittar, p. 250.

these figures that the lowering of the duty in 1842 had a depressing effect on the agricultural industry, and prevented that progress in cultivation which, by increasing the home supply, would have probably forced down the price in 1846 to something lower than the 54s. 8d. actually reached. I am not, however, insisting that, as a matter of historical fact, the higher price of 1846 was the result of lessened Protection and consequent lack of agricultural development, as well as of a bad harvest: there is not sufficiently precise knowledge of production in those years to justify the drawing of positive conclusions; I merely call attention to what is a justifiable supposition whenever lowered duties are followed by higher prices.

The Effects of the Corn Laws.

In the preceding section I have endeavoured to state concisely just what were the provisions of those dreadful Corn Laws which even to-day send a retrospective shudder of horror through the frame of the good Cobdenite. You will, I hope, gather that on examination at close quarters they are not such horrible breaches of the law of civilization as the average British citizen has been taught to suppose. As to their effects, the record of average prices given above makes clear that, whatever they may have done or not have done for agriculture, they certainly did not work harm to the consumer; for all through the time of their operation there was (with the casual exceptions of scarcity years) a progressive cheapening in the price of wheat. In Mr. Williamson's book, to

which I have already referred, there is (Appendix C) a list of the average prices of the four-pound loaf supplied to the Seamen's Hospital at Greenwich in the years from 1836 to 1884. The introductory year lands us in the middle of the highest protective period: the price of the loaf was 5d. In 1842, when the next Corn Law Act was passed, the price had risen to 7¾d.; the average price of the years comprised in the 1836-42 period was 6¾d.—a price which compares not unfavourably with the prices of modern times. To take, for instance, the first and last years of the period in this Seamen's Hospital table, we find that in 1884, when the price was at the exceptionally low figure of 4½d., it was only ½d. less than in 1836, when high Protection was in full swing. At the middle of 1899, when the consumption of foreign corn is greater than ever, the price is 5d., the same as in 1836; while in 1898, during the progress of Mr. Leiter's corner, the price was 7d.—the exact figure at which it stood in the scarcity year, 1846, when the country was induced to abandon its principal industry by the promise of a permanently cheaper loaf.

Prior to Corn Law Repeal, we have no statistics of tillage and production from which to make comparisons as to the effect of Protection on the development of agriculture; but it is clear that satisfactory progress was made, seeing that during the years of Protection the population was increasing very rapidly, and yet, as the import figures show, English agriculture sufficed to provide Englishmen with practically all their bread-stuffs. The popula-

tion of England and Wales was just over 10,000,000 in 1811, four years before the Corn Law of 1815. In 1821 it was 12,000,000; in 1831 it was just under 14,000,000; in 1841 it was just under 16,000,000; in 1851 it was just under 18,000,000. It says a good deal for British agriculture that it should have been equal to the task of expanding its output to correspond with the rapid growth in the market, and to do so without raising prices. In 1815, when the first Corn Law Act was passed, the average price of wheat was 63s. 8d. per quarter; in 1846, the last year of the Protection period, the average price was 54s. 8d. The ability of English agriculture to answer to the rapidly growing demand of the home market is shown in the calculations made by Porter (a Free-trade writer) in his 'Progress of the Nation.' According to his estimate for the decade of 1831-40, the mean population of England and Scotland was 17,500,000, of whom 16,500,000 were fed on home-grown wheat, Ireland being altogether self-supporting. The import varied from year to year, as will have been gathered from the provisions to the entry of foreign wheat contained in the various Corn Laws, which are so arranged as to favour import whenever there was a scarcity in the home harvest; but during the whole of the Corn Law epoch, the import never in any year exceeded 2,977,302 quarters; it reached that figure in 1842, the year following a failure of the harvest at home. The import was usually very much below this amount, and in a number of years was actually *nil*, or represented by a negligible quantity. There was actually a surplus for export,

varying from 20,000 quarters in 1826 to 317,500 quarters in 1817. Now, there is only one possible way out of the lesson taught by these figures, and Cobden did not hesitate to utilize the outlet, though the path can hardly be said to follow the lines of truthfulness. He contended—it was, indeed, one of the most important items in his dialectics—that home production did not suffice for home consumption, and that (as he told the House of Commons) there were 'seven to eight million people without wheaten bread.' What justification there is for this statement will be apparent from a comparison of the 21,000,000 quarters, which was Cobden's own lowest estimate of home production, with the consumption at the present time. The 21,000,000 quarters of the early Forties works out to an average consumption of home-grown wheat of over 373 pounds per head of the population. The average consumption to-day is 370 pounds. (Some statisticians make it out to be less.) Would the most ardent disciple of Cobden assert that to-day there are 7,000,000 to 8,000,000 persons in the country who know not the taste of wheaten bread?

It is clear, then, that the Corn Laws were successful, in that they were accompanied by a great growth in agriculture and a decline in the price of bread. But it is asserted, with a persistence and a boldness that seem to have convinced even the men who make the assertion, that the prosperity of the upper ranks of the agricultural classes during the Corn Law period was offset by hopeless poverty among the labourers. They, we are told, got no benefit out of Protection;

the landlords took it all in the shape of higher rents, while the labourer got miserable wages, and had to pay more for his bread. If this statement is not true, its continued assertion (unless made in blank ignorance) is particularly cruel and cowardly, seeing that it is addressed to a class of men whose opportunities of gaining the knowledge necessary to refute it are less than those of any other class of the population.

Let us, then, put this statement also to the test of figures. That it is untrue in respect to the price of bread, the statistics already adduced positively indicate. That it is untrue in respect to the price of meat is clear from the fact that the average price per pound of low-quality beef, as sold at the Metropolitan Cattle Market, was, in 1836 (to keep to our typical Protection year), 4⅝d. (in the two preceding years it was only 3⅜d.). In 1846 it was 3⅝d. In 1856, when Free-trade had been ten years in operation, the price was 5⅜d.; in 1866 it was 5½d.; in 1876 it was 6½d.; so that a generation of Free-trade succeeded in raising, rather than lowering, the price of this integral commodity in the working man's domestic economy.

Then as to wages. It is well known that in the early years of the nineteenth century a most unfortunate Poor Law was in operation. Under it allowances were freely given in aid of wages, and to such an extent that working men in full normal employment received pecuniary assistance out of the rates. The obvious tendency of this system was to reduce wages to a level below the actual normal income of

the labourer. It is natural, therefore, to conclude that the average wages paid in the Corn Law period would be very much below those paid at the present time. In respect to artisans' wages (though these, of course, would not be affected to the same extent by the rural Poor Law) there has been an improvement; and this circumstance only makes the more significant any lack of improvement in the agricultural wages of to-day. Yet carefully compiled statistics prove that in regard to these latter there has been no improvement, but rather retrogression. In the *Journal of the Royal Statistical Society* for December, 1898, Mr. A. L. Bowley contributes a paper, wherein are laborious statistics concerning agricultural wages in the various counties of England for more than a century past. From his tables I select the three typical wheat-growing counties—Essex, Suffolk and Norfolk. In 1767-70 the average wage in these counties was 7s. 11d.; in 1795 it was 9s. 6d. These are the years prior to the Corn Laws. The next information we get from these tables applies to 1824 (in the Corn Law epoch). The figure (which represents the average current summer wage, and does not include hay-time and harvest, when wages are higher) is 8s. 11d., thus showing that the labourer had got advantage out of the prosperity of protected agriculture. For 1833 there is a column giving the average of summer and winter wages; the figure is 11s. 3d., again showing progressive prosperity for the agricultural labourer under Protection. There is a column also for 1837, in which the average current wage is tabulated at 10s. 4d. The next column gives 1850,

with a current wage of 7s. 10d., showing the injurious effect on the agricultural labourer of Corn Law Repeal. (The price of bread in 1850 was 5½d. a four-pound loaf, exactly the same price as in 1837.) True, wages rose subsequently. In 1860 we find them up to 11s. 5d.; but this was the era of great growth in the world's gold store, and prices generally were readjusted on a higher scale. The top year returned in Mr. Bowley's tables is 1872, when an average of 13s. 10d. was touched, the figure being calculated on the wages paid in the second (and better) half of the year. Here, too, account must be had of the higher nominal scale of wages consequent on the increased and increasing gold production. This year also comes in the period of temporary prosperity which smiled upon English agriculture, ere the depression began to settle down, towards the end of the decade. The population had been increasing at a big ratio, and though our ports were thrown open freely to foreign corn, the virgin lands of the West were only beginning to be ravished, and the organization of transport was still in a rather elementary stage. During the early Seventies, therefore, agriculture managed to snatch one last gift from fortune, and the agricultural labourer shared in the gift. Since that period East Anglian wages have declined, notwithstanding the efforts of Mr. Joseph Arch and his Union. Mr. Bowley returns them at 12s. 6d. for 1880, at 11s. 10d. for 1892. For 1896 the average is barely 10s. 7d.—a figure which is nominally no higher than obtained in the later years of the protective period, and is, by comparison with the growth in the price of

labour in other industries and parts of the world, a clear indication of real decline.

To sum up the direct economic effects of the Corn Laws: the agricultural labourer was better off than he is to-day; as were also the higher ranks of agriculture, though, as this point will be conceded by Free-traders, it is not necessary to press it here; and the prosperity of agriculture was, as bread prices show, not achieved by the oppression of other classes of the community. On the contrary, the large amount, both actual and proportional, of agricultural employment had a most beneficial effect on the working and small trading classes of the rest of the community, and prevented congestion in the urban labour market; the thriving villages and agricultural towns, where regular money made in the district was spent in the district, afforded a sure market for the tradesman.

I have dwelt upon the economic benefits derived from the Corn Laws, and the consequent stimulation of English agriculture; but the student must not concentrate his view entirely upon those economic benefits, great as they were. He must always bear in mind those other great benefits which cannot be expressed in money terms. A sturdy, healthful life passed in the open air of the English countryside makes for the well-being and happiness of the individual and the well-being and vigour of the race; it is, besides, an invisible revenue paid into the Exchequer for the national defence.

Agitation and Repeal.

The main difficulty in dealing with this subject lies in the effort to observe the proper rules of courtesy towards opponents. With the best will in the world to pay due deference to the antagonistic view, it is really impossible to describe the Anti-Corn Law agitation as other than a melancholy compound of artificially wrought and baseless hysteria and hypocritical deceit of the unlearned by agitators who were themselves the victims of muddle-headed self-deceit. My readers will, I trust, have gathered from the foregoing how excellently the Corn Laws had wrought for the good of the commonweal, and consequently how baseless was the cry for repeal. And it may well be wondered how that cry arose, and grew with force enough to overthrow the existing fiscal system of the nation. There must have been some reason in the agitation, you may exclaim: there is no smoke without fire; no agitation without some ground to work upon. There was a reason for the agitation. The reason lay in the pursuit by the manufacturing and commercial classes of their own interests in a spirit of short-sighted selfishness.

The wonderful, unparalleled growth of English manufacturing industry and commerce between the Tudor and Victorian eras had made the middle classes, which had been born and had thrived under it, drunk with success. It was a natural outcome, though the results of the intoxication were disastrous. Successful beyond all dreams though they had been, these merchants and manufacturers looked round for

more worlds to conquer. This was legitimate enough; where they went wrong was in the desire to advance their special interests, regardless of all other interests. Nothing mattered but the extension of trade and mechanical production. So we find men, presumably humane citizens, utterly callous as to the moral and social degradation of the masses of the population, which they had enticed from the fields into coal-pits and unhealthy factories, to be herded like cattle in filthy slums, worked to the bone—men, women, even little children alike—in order that the tremendous output of factory-made goods should proceed with ever-increasing velocity, that every corner of the available world-market should be flooded with them. Nothing short of the strong arm of the Law, set in motion by zealous philanthropists, sufficed to check what had degenerated into a species of deadly criminal madness. Little wonder, then, that men capable of violating the first principles of humanity in their wild rush after phenomenal and unaccustomed wealth should not hesitate to trample on an industry which they regarded as a rival to their own, the upper ranks whereof, moreover, they already detested with all the detestation of acute social jealousy. They did not hesitate. The prompting to destroy English agriculture began at an early stage of the Corn Law period. After the close of the war in 1815 there came a time when the supply from English factories exceeded the effective demand of the Continental market; goods were made for that market for which it was too poor to pay, and overproduction brought disaster to many English houses. This was a first

hint to our manufacturers and merchants to take steps to extend their foreign markets, if they were to continue to expand, or even to continue their existing production. Another and a yet more effective hint came with the signs of Protection and nascent competitive industries in foreign countries. The newly independent United States of America were bending themselves to the task of founding domestic manufactures; so were Prussia and her neighbours; so was Russia; and the other European nations were giving signs of doing—and in time they did—likewise. How was this threatened closing of foreign markets to English goods to be prevented? The tariff walls which were rising must be broken down. There was one possible way of securing this—by inaugurating a reign of Free-trade. But England also was Protectionist. Well, England's manufacturing pre-eminence—thanks to Protection—was so great that her manufacturers felt confident now of eternal ability to supply the home market themselves, even if the tariff walls were broken (a grave error of judgment, as we shall see subsequently). There remained agriculture. Agriculture needed Protection still. Indeed, it was only in agriculture that Protection was a practical fact. English Protection meant Protection to English agriculture, and if England was to induce other nations to become Free-traders by the force of her own example, it was English agricultural Protection in particular which would have to be abandoned. This was the form in which the temptation presented itself to the English manufacturing and mercantile classes. It was made further seductive by considera-

tion of the fact that the ruin of English agriculture, which would probably follow the withdrawal of Protection, would throw a lot of extra surplus labour on the market, and so cheapen the supply to the capitalist; and that supply would probably be still further cheapened by an anticipated lowering of the price of bread, consequent on the influx of foreign wheat, and would thus enable the worker to accept lower wages.

The manufacturing and mercantile classes yielded promptly to the temptation. They had no care for the great sister industry under whose prosperity their own industries had arisen and thriven; nor had they any care for the manifold important reasons why agriculture should continue to flourish; neither had they any gratitude towards the landed classes. They never stayed to remember how the landed classes (hitherto the rulers of the national policy) had made manufacturing greatness possible by granting Protection to nascent manufactures and commerce; had the landowners and agriculturists taken the narrow view of their industry which the manufacturers and merchants were now taking of theirs, they might have given free admittance to foreign manufactures for the purpose of making more profitable home agricultural production; and where would these arrogant manufacturing and commercial interests have been then? So far from remembering these things with gratitude, the manufacturers and merchants made vilification of the landed interests the most conspicuous feature in their unholy campaign.

The first signs of the coming agitation may be

traced in the notorious petition to Parliament in 1820, of London manufacturers and merchants, drafted by Mr. Thomas Tooke. The keynote of this document is struck in the opening recital:

'That foreign commerce is eminently conducive to the wealth and prosperity of the country by enabling it to import the commodities for the production of which the soil, climate, capital, and industry of other countries are best calculated, and to export, in payment, those articles for which its own situation is better adapted.'

Under these high-sounding phrases the reader will easily perceive the deliberate and callous abandonment of agriculture which the petitioners have in view. Later we get the object of the proposed sacrifice of agriculture:

'If the reasoning upon which our restrictions have been defended is worth anything, it will apply on behalf of the regulations of foreign States against us.

'That nothing would tend more to counteract the commercial hostility of foreign States than the adoption of a more enlightened and more conciliatory policy on the part of this country.'

But Mr. Tooke was not sure of his ground here, or at least he thought it politic not to depend entirely on this plank in his appeal to Parliament; so he proceeds to take up the position that, whether other countries followed England's lead or not, England would still be doing the right thing in throwing English agriculture overboard:

'Our restrictions would not be less prejudicial to our own capital and industry because other Governments persist in preserving impolitic regulations.'

So we come to the prayer of the petition :

'Your petitioners therefore humbly pray that your Honourable House will be pleased to take the subject into consideration, and to adopt such measures as will be calculated to give greater freedom to foreign commerce, and thereby to increase the resources of the State.'

Not a word, you will observe, about the preservation of home industry and the more valuable home market; 'foreign commerce' is the only care. Parliament, however, at the time thought otherwise, as the history of the Corn Laws above recited shows.

But the agitators were not permanently discouraged. Their campaign began in earnest in January, 1839, with the foundation in Manchester of the Anti-Corn Law League—the outcome of that meeting of sixty persons at Manchester during the previous year, when Bowring addressed them on his plan for getting rid of Protection in other countries by destroying the Corn Laws in England. Like most big selfish schemes, the organization at once 'caught on.' Branches at once sprung up all over the country, fed by thumping subscriptions from the interested manufacturers and merchants, converts being gained, and the leaguers' ardour being fanned into flame by the plentiful oratory of Cobden and Bright, who now appeared on the scene, and devoted their energies and abilities to the 'cause.' The work of conversion was not so difficult as it might appear. The great rising middle classes of merchants and manufacturers needed no conversion; they were already the willing victims of sophistry and selfishness, and as they were

rapidly growing in wealth and numbers, and had all the superabundant energy of a new race, they formed a host in themselves. Nor did the shipping interests (with the prospects of extended foreign trade) or the persons in receipt of fixed incomes and salaries (whose cupidity was excited by the prospect of cheapened commodities) need much conversion. It was the farming class which gave the proselytizer his hard work. As for the landlords, their case was obviously hopeless, and no serious attempt was made to convert them. As to the working classes, attempts were made, but not with unalloyed success. The Chartists, who represented the active political working-class force of the time, would have none of Cobden and his ways. As the old Chartist veteran, George Julian Harney, once assured me, his party was obdurate against the wiles of Cobden.* And any way the working classes had no votes; so, save for the purpose of organizing mass meetings of workmen to threaten mob revolution, their adhesion to, or aloofness from, the cause did not matter much.

But it was necessary to gain a certain proportion of the farmers. And here obviously was a work of such surpassing difficulty that it could not be achieved at all by fair means. The other sort was resorted to freely. As a most capable American critic, Mr. George B. Curtiss, says: 'The blackest page in the history of the whole movement is the campaign of "education," as they call it, which was carried on among the

* In a letter I had from Mr. Harney in 1896, he wrote: 'The old Chartists, no doubt, did many foolish things; but in the matter of "Manchester Free-trade," Time, if slowly, is surely vindicating their common-sense and genuine patriotism.'

farmers from 1842 to 1846, to convince them of the advantage of Free-trade. While deliberately plotting the ruin of the tenant farmers, the Manchester manufacturers were professing to be their friends. The rural districts were flooded with the literature of the League. Richard Cobden, John Bright, Colonel Thompson, and many other speakers were going from place to place, addressing meetings and arousing the people against Protection. It would not do to tell the farmers that their land would go out of cultivation; that cattle, sheep, hogs, wheat, barley, rye, oats, and even butter, cheese, eggs, poultry, and, in fact, nearly everything that they were producing, would be shipped into Manchester and the great commercial centres of England from other countries. Their mission was to get the farmers' votes, procure their signatures for petitions to Parliament asking for the repeal of the Corn Laws. The means used to accomplish this were most discreditable.'* Among the arguments used to bamboozle the farmers was the assertion that Free-trade would compel a reduction in rent. This was as clever an argument to address to a half-educated audience as could well be devised, and the prophecy it contained bore the closest relation to subsequent fact of any of the Cobdenite prophecies. Obviously, the ruin of agriculture would bring down agricultural rent. The farmers—those of them, that is, who were imposed upon by this specious promise—did not see that the reason why rents would be reduced was that agriculture would be less and less profitable, that the rents would go

* 'Protection and Prosperity,' p. 170.

down in just that proportion, and that therefore the fall in rent would be an index to the fall in profitableness to the farmer. The theory of Natural Protection was also largely relied upon. The farmers were told that the cost of carrying produce from abroad acted as a 'natural protection' for their industry. They were not told—they might have guessed it for themselves by observing the progress of steam in locomotion, which had then begun—that transport was becoming cheaper every day, and less and less able to afford them any protection; nor were they told that the peculiar conditions of agriculture abroad—the tillage of largely virgin, largely unmanured, wholly untaxed lands—would operate as an ample offset against the cost of freight in favour of the foreigner. But the most unblushing assertion was that contained in the argument of one of the League's prize essayists, that Free-trade would actually tend towards higher prices! The astounding statement is worth quoting:

'We have had lower prices for wheat occasionally since 1815 than we ever should have had with Free-trade. It will hardly be disputed that the Corn Laws have not been successful in preventing very low prices of corn, or that they have not succeeded in maintaining a rise in price, which, of all things, is of the most essential benefit to farmers. That Free-trade would operate powerfully in accomplishing these ends there is very good reason to suppose.'

After this the statement of another of these precious prize essayists, 'that the Repeal of the Corn Laws is necessary to save the farmer himself from ultimate and entire ruin,' almost falls flat.

Even the religious sentiments of the people were pressed into the service of the agitation; and Bright went about the country prostituting the Daily Bread petition of the Lord's Prayer in the interests of Corn Law Repeal. Then Nature came to the agitators' aid, and provided them with fresh specious arguments wherewith still further to bemuse the electorate. In 1838, 1839, and 1840 there had been a partial failure of the wheat harvest, which had given the movement in its early stages an opportunity, whereof the agitators took the fullest advantage. With good harvests in 1843 and 1844 these worthy souls found the proselytizing work more difficult. But with 1845 came more cheering times. Blight attacked the potatoes in Ireland, and an awful famine resulted. The matter had no particular bearing on the Corn Laws, but it was used as if it had, and with deadly effect. In England also the wet weather began another succession of bad harvests. By this time the agitation had made such tremendous headway that but little more was wanted to crown it with success. The weather of 1845 and 1846 provided that little more. Let us quote Mr. John Morley: 'It [1845] was the wettest autumn in the memory of man. Mr. Bright was travelling in Scotland. The rain came over the hills in a downpour that never ceased by night or by day. It was the rain that rained away the Corn Laws.' This temporary calamity doubtless cheered the good Quaker's heart, as, considering its effect, it has obviously cheered the heart of Mr. John Morley; though, in view of the fact that a bad harvest in England meant, under the

wise operation of the Corn Law, the easy importation of foreign and colonial wheat, the circumstance that this short harvest sufficed to induce the Legislature to repeal the Corn Laws is not a testimony to the perspicacity of anyone concerned.

But it is not clear that this or any other circumstance did really convert all the members of Parliament who voted for Repeal. Some, no doubt, did honestly change their beliefs; but, without wishing to be cynical, it is impossible to believe that honest conversion was general. There are suspicious circumstances to countenance scepticism. There is the fact that many members, although they had been elected as staunch Protectionists, felt that the Anti-Corn Law League was making such progress in their constituencies that they would have a better chance of retaining their posts if they turned tail in anticipated sympathy with the trend of the times. And there is reason for even darker suspicion. Doubtless the League spent a lot of money in literature and in the travelling expenses of speakers. But there is a question whether the enormous sums of money raised by the League (particularly at a time when there was no election proceeding to justify enhanced expenditure) all went into legitimate channels. In the summer of 1845 (though its 'educative' work was then largely complete) the League held over £125,000, which, as Mr. Curtiss says, 'ought to have been sufficient to run a highly intellectual and moral campaign, conducted by a body of unselfish thinkers.'* But at Manchester in the following December they

* 'Protection and Prosperity,' p. 176.

proposed to raise an additional quarter of a million, and did actually, within a short time, raise £150,000. The Rev. Henry Dunckley, whose work, 'The Charter of the Nations,' received from the League the benediction of £250 wrote concerning the League's funds (p. 97): 'They had wealth enough for any purpose. The Constitution recognised wealth as a valid title to political power; they would, therefore, purchase freeholds and master the country's constituencies.' Considering that at the time of the great betrayal in Parliament the elections had already been held, 'the purchase of freeholds' looks rather like a euphemism for the purchase of something else.

The melancholy story of the 1846 Session, of Sir Robert Peel's great treachery (denounced with scathing sarcasm by Disraeli and George Bentinck), is an oft-told tale, and it need not be repeated here. Suffice to record that the Act of Repeal was passed in the House of Commons by a majority of ninety-eight votes.

The Free-trade Legislation.

It may be useful here to state shortly what happened under the Act of 1846. On previous pages will be found the Corn Law Acts, and the Compromise Act of 1842, with which to compare the following tabular statement of the provisions of the First Repeal Act (I have again borrowed from Mr. Pittar's 'Customs Tariffs of the United Kingdom'):

If 'imported from any foreign country' (*i.e.*, not being the produce of and imported from any British possessions out of Europe):

Wheat.

Prices.				Duty per quarter.
When under 48s.	...	...	...	10s. 0d.
,, 48s. and under 49s.		...	...	9s. 0d.
,, 49s. ,, 50s.		...	...	8s. 0d.
,, 50s. ,, 51s.		...	...	7s. 0d.
,, 51s. ,, 52s.		...	...	6s. 0d.
,, 52s. ,, 53s.		...	...	5s. 0d.
,, 53s. and upwards		...	...	4s. 0d.

Barley (Beer or Bigg), Rye, Pease and Beans.

Prices (for Barley).				Duty per quarter.
When under 26s.	...	...	...	5s. 0d.
,, 26s. and under 27s.		...	...	4s. 6d.
,, 27s. ,, 28s.		...	...	4s. 0d.
,, 28s. ,, 29s.		...	...	3s. 6d.
,, 29s. ,, 30s.		...	...	3s. 0s.
,, 30s. ,, 31s.		...	...	2s. 6d.
,, 31s. and upwards		...	...	2s. 0d.

Oats.

Prices.				Duty per quarter.
When under 18s.	...	...	...	4s. 0d.
,, 18s. and under 19s.		...	...	3s. 6d.
,, 19s. ,, 20s.		...	...	3s. 0d.
,, 20s. ,, 21s.		...	...	2s. 6d.
,, 21s. ,, 22s.		...	...	2s. 0d.
,, 22s. and upwards		...	...	1s. 6d.

Wheat Meal and Flour.—For every barrel of 196 lb., a duty equal in amount to the duty payable on 38½ gallons of wheat (or $\frac{6}{10}$ of a quarter).

Barley-meal.—For every quantity of 217½ lb., a duty equal in amount to that payable on 1 quarter of barley.

Oatmeal and Groats.—For every quantity of 181½ lb., a duty equal in amount to that payable on 1 quarter of oats.

Rye Meal and Flour.—For every quantity of 196 lb., a duty equal in amount to that payable on 40 gallons of rye.

Pea and Bean Meal.—For every quantity of 272 lb., a duty equal in amount to that payable on 1 quarter of pease or beans.

If the produce of and imported from any British possession out of Europe:

Wheat, barley (beer or bigg), oats, rye, pease and beans, a fixed duty of ... ... 1s. 0d. per qr.
Wheat, barley, oat, rye, pea and bean meal, a fixed duty of ... ... 4½d. per cwt.

The previous prohibitions for home consumption of ground corn repealed, but the prohibition for malt retained.

By a Complementary Act of the same Session, fixed duties of a shilling per quarter on buckwheat and maize, and of 4½d. per cwt. on buckwheat and maize meal, were imposed, these grains having been previously admitted at the same rates for some months previously by a House of Commons vote:

'Consequent on the years of scarcity immediately following Repeal, the duties under the above-mentioned Act, as well as on rice, biscuits and other articles of food, were suspended for varying periods during 1847 and 1848.'

The work begun in 1846 was practically completed in 1849, when it was enacted that, in lieu of the scale imposed by the 1846 legislation, there should be a shilling per quarter duty (since known as the Registration Fee) on all imported wheat, barley (beer or bigg), oats, rye, pease and beans (whether foreign or colonial); and of 4½d. per cwt. on wheat meal and flour, barley-meal, oatmeal, rye meal and flour, pea-meal and bean-meal. Thus vanished the last shred of Protection to British agriculture; for the shilling Registration Fee acted purely as a Revenue Tax, and was valueless for Protection. To make the story quite complete, it may be mentioned that in 1864 this shilling duty, as a matter of convenience, was altered to an equivalent rate of 3d. per cwt.; and in 1869 it was

repealed altogether; a useful source of revenue, and one which could not affect the price of corn, being sacrificed to a sheer pedantic cult of the Free-trade fetish.

The Débâcle.

In 1844 Cobden said: 'Free-trade in corn is the very way to increase the production at home, and stimulate the production of the poorer soils by compelling the application of more capital and labour to them. We do not contemplate deriving one quarter less corn from the soil of this country.' And yet even now certain persons persist in regarding Richard Cobden as a far-seeing statesman and practical economist! His companion Thompson was at least more honest when, in his 'Free-trade Catechism,' he wrote: 'It may be information to the home agriculturists to state that there would be no physical impossibility in living without them altogether.' Thompson's cynical threat was preferable to the hypocritical nonsense of Cobden. Never, since the Corn Laws were repealed, has the country grown the 21,000,000 quarters of wheat which was the estimated annual harvest prior to repeal. The downward progress of the national tillage will be seen in the accompanying chart. Within a dozen years from Repeal the old 22,000,000-quarter standard had got down to less than 16,000,000 quarters; the average production of 1856-57, notwithstanding the fillip which the Crimean War should have given it, was 15,756,881 quarters. And it is well to note that the import increased to correspond with the decline of

production, but only in correspondence; and the student will look in vain for that largely increased consumption which Cobden prophesied would take place when his mythical millions of breadless Britons began, under the ægis of Free-trade, to learn the taste of wheaten bread. There was no growth in the consumption; all that happened was that a number of English mouths were fed with loaves made of foreign, instead of, as before, from English wheat. In this period (1856-57) the acreage under wheat in the United Kingdom amounted (according to Messrs. Lawes and Gilbert's calculation) to 4,199,812 acres. According to the same estimate, the average for 1861-65 was 3,750,587 acres. For 1871-75 it was 3,737,140 acres; for 1881-85 it was 2,829,584 acres; for 1891-95 it was 2,016,467 acres; for 1895-98 it is 1,943,851 acres. As the chart shows, there has been a recovery since 1895, but, compared with what was grown in former years, the recovery is almost a negligible quantity, and there is no guarantee or probability that the upward trend will continue, or even be maintained at its present level. The estimated total produce of wheat of 1898 was 9,361,000 quarters, an exceptionally high production, consequent not only on the increased acreage over recent years, but more particularly on a bountiful harvest. The average yield per acre during the previous decade was 29·19 bushels; in 1898 it ran up to 34·74 bushels. Yet even so, in this year of exceptional prosperity, British wheat-fields only supplied British citizens with their bread to an amount equal to three and a half months' consumption.

It is only right again to refer to the circumstance that though the *débâcle* of English agriculture is evinced by the regular decline in tillage, there was yet, subsequent to Repeal, a period, ending about the end of the Seventies, during which the wheat-farmer enjoyed a measure of prosperity. That efflorescent prosperity is accounted for by the facts that, as the supply of English wheat is steadily decreasing, the fall in the price of that which remained was mitigated; that the great increase in population which characterized the middle years of the century provided an increasing market; and that the wheat-lands of the Western prairies were then but little exploited, and so the foreign competition was much less keen than to-day. It was when the new countries of the world began to give forth their harvests that the British farmer began to realize fully what the absence of Protection meant to him. It was then that the full force of the *débâcle* became apparent, and that Royal Commissions began to sit on the queen of industries, like a coroner's jury on a corpse, or, at the least, like a conference of specialist doctors round the bed of an invalid whose recovery is practically despaired of.

I have dwelt, in the preceding pages, particularly upon wheat; but it is not wheat alone which has suffered: the other grain crops have likewise been reduced into more or less evil plight. Though barley and oats have kept better than wheat their footing in the matter of acreage, the cultivation of the crops has become less profitable. In respect to oats, there was, until recently, an increase in acreage; but then there

has been a great increase in the consumption, and the import has increased in higher ratio than the home acreage. How the case stands may be gauged from the following statistics: Our oat-lands in 1875 covered 4,176,177 acres; in 1885 they covered 4,268,472 acres; in 1895 they covered 4,512,433 acres; in 1896 they dropped to 4,303,967 acres; in 1897 to 4,226,231 acres; in 1898 to 4,097,791 acres. Thus, comparing 1875 with 1898, we find a fall in the acreage of about 2 per cent. The progress of the import is as follows: In 1875 it was 12,435,888 cwt.; in 1885 it was 13,057,189 cwt.; in 1895 it was 15,528,310 cwt.; in 1896 it was 17,586,730 cwt.; in 1897 it was 16,116,810 cwt.; in 1898 it was 15,577,900 cwt. Thus, comparing 1875 with 1898, we find a growth in the import of nearly 27 per cent. Meanwhile the course of prices has been as follows: For the septennial period ending with 1875, oats were 3s. 2½d. a bushel; for the same period ending with 1885 they were 2s. 8¾d. a bushel; for the septennial period ending with 1895 they were 2s. 3d.; for the septennial period ending with 1898 they were 2s. 1¾d.

Barley is in worse case than oats. Our barley acres amounted in 1875 to 2,751,362 acres; in 1885 to 2,447,169 acres; in 1895 to 2,346,367 acres; in 1896 to 2,285,933 acres; in 1897 to 2,213,529 acres; in 1898 to 2,068,745 acres. Whereas the import has grown as follows: It was 11,049,476 cwt. in 1875; 15,366,160 cwt. in 1885; 23,618,867 cwt. in 1895; 22,477,322 cwt. in 1896; 18,958,720 cwt. in 1897; 24,457,004 cwt. in 1898. So, while the acreage decreased between 1875 and 1898 by about 25 per

cent., the import increased by over 121 per cent. The price has diminished. The septennial average for the period ending with 1875 was 4s. 10d. per bushel; for that ending with 1885 it was 3s. 11¾d.; for that ending with 1895 it was 3s. 2¾d.; for that ending with 1898 it was 3s. 0¾d. It will thus be seen that neither barley nor oats has made up to the British farmer for the ruin of wheat.

Nor has stock-raising supplied the deficiency. Free-traders are fond of telling us that we eat more meat than formerly—a circumstance they connect, in their own fashion, with the blessings of Free-trade. We do not eat more English meat. This will be gathered from the following table, which I extract from a previous work of mine, 'The Foreigner in the Farmyard':

Meat of All Kinds consumed in the United Kingdom.

Average Annual Consumption.

Date.	Home.	Foreign.*	Total.	Home, per head.	Foreign, per head.	Total, per head.
	tons.	tons.	tons.	lb.	lb.	lb.
1868-70	1,267,000	123,699	1,390,699	91·81	8·96	100·77
1878-80	1,284,000	452,158	1,736,158	84·25	29·66	113·91
1888-90	1,354,984	560,241	1,915,225	81·62	33·76	115·38
1891-93	1,425,662	636,719	2,062,381	83·72	37·45	121·17
1894-96	1,388,817	759,637	2,148,454	79·51	43·44	122·95

Neither can it be asserted that the dairy has supplied the place of the grain-stack and the cattle-pen. Thanks to the curious notion of their limitations which is entertained by the officials of the Board of Agriculture, no statistics are collected in

* Includes colonial

this country with regard to dairy produce. But the import figures tell their tale. Here is the record of the decadence of the British pigsty:

Average Annual Import of Bacon and Ham.

	1866-70. cwt.	1876-80. cwt.	1886-90. cwt.	1891-95. cwt.	1896-98. cwt.
Bacon ...	579,518	3,420,505	3,285,519	3,668,699	5,088,583
Hams ...	44,158	689,391	957,835	1,167,530	1,548,233

Below is the progress of foreign butter:

Imports of Butter and Margarine into the United Kingdom.*

Average, 1864-73. cwt.	Average, 1874-83. cwt.	Average, 1884-93. cwt.	Average, 1894-97. cwt.	Average, 1898. cwt.
1,171,394	1,910,832	2,967,274	3,892,052	4,108,968

And this is our consumption of imported cheese:

Average, 1861-65. cwt.	Average, 1871-75. cwt.	Average, 1881-85. cwt.	Average, 1891-95. cwt.	Average, 1896-98. cwt.
770,942	1,348,805	1,819,078	2,150,312	2,395,722

The minor rural industries tell the same tale. Here, for example, is our progressive consumption of imported apples:

Import of Raw Apples into the United Kingdom.

Average, 1884-86. bush.	Average, 1887-89. bush.	Average, 1890-92. bush.	Average, 1893-95. bush.	Average, 1896-98. bush.
2,776,315	3,117,789	3,412,343	3,906,972	4,791,936

Then there is that neglected, though profitable, rural industry, the manufacture of cider, a beverage which in recent years we have commenced to import.

* I have included margarine because, until 1886, it was not separately denoted in the Board of Trade returns.

Import of Cider and Perry into the United Kingdom.

1893.	1894.	1895.	1896.	1897.	1898.
gall.	gall.	gall.	gall.	gall.	gall.
558,108	431,155	603,190	321,016	500,759	391,739

In respect to hops, we are able to note the actual progress or shrinkage of the English gardens. Here is a table:

Acreage under Hops in England.

1875.	1885.	1895.	1896.	1897.	1898.
acres.	acres.	acres.	acres.	acres.	acres.
69,171	71,327	58,940	54,249	50,863	49,735

The poultry-run shows no better, as the following two tables indicate:

Value of Imports of Rabbits, Poultry and Game.

Average, 1861-65.	Average, 1871-75.	Average, 1881-85.	Average, 1886-90.	Average, 1891-95.	Average, 1896-98.
£109,696	£249,548	£575,292	£750,596	£839,360	£1,197,136

Import of Eggs into the United Kingdom.

Average number, 1861-65.	Average number, 1871-75.	Average number, 1881-85.	Average number, 1891-95.	Average number, 1896-98.
280,375,000	602,863,000	901,095,000	1,377,911,000	1,592,165,000

The Need for Protection.

The above enumeration, showing the parlous state of British rural industry in general, may provoke the criticism that other causes besides the lack of tariff protection are responsible for the British farmer's failure to hold his own in the home market. I readily grant the point. I will even jog the critic's memory by naming some of these other causes. Thus: the British stock-raiser and bacon-curer are disadvantaged by the practice of fraudulent butchers and grocers who sell imported stuffs as British pro-

duction. The British dairy farmer is disadvantaged by his unorganized methods of production, whereby his butter and cheese are of such varying character that they are rejected by the merchants, who find the imported butter and cheese not only cheaper than the English, but of a uniform quality, consequent on the system of factory and creamery production, and as a consequence much more satisfactory to handle. English fruit is knocked out of the market by foreign and colonial to a large extent because insufficient care is bestowed on the trees and the packing of the fruit after it is gathered. Vintage fruit-growers would do better if they would give more scientific attention to their orchards, and would also appreciate the fact that the chief profit to be made out of cider is in the bottling process, and not by selling the cider unbottled. The poultry-run would become more profitable if it were treated in a serious fashion, and not merely as something for the women to look after. British farm-produce of all kinds is hampered by the preferential railway rates granted to imported produce. And the British farmer's pockets are drained by the unfair load of taxation he is called upon to bear. I wish to make full allowance for all these other causes. I am not putting forward Protection as the one and only thing necessary. But I do insist that all the good and necessary reforms hinted at above will not avail to restore prosperity to agriculture unless they are accompanied by tariff protection against the imported stuff with its veiled, but very real, bounties. More: the most effective way to get the farmer to adopt the various

reforms which his advisers are always urging upon him is to grant him such a measure of Protection as will put heart into him, and take from him the excuse that it is no good trying new methods so long as the cheap foreign stuff is allowed free ingress and opportunity to squeeze him out of the market. He, more even than the manufacturer, is entitled to claim that, as he pays so large a share of the State's revenue, the State shall equalize matters between him and the foreigner, by taxing the foreigner's goods in something like equal proportions.

Is a Healthy Agriculture Necessary?

In other words, must we pay the price? Emphatically, yes. I think I have adduced sufficient reasons to convince an impartial student that the price is a nominal price. Wisely directed Protection is of such general benefit to the community that no one can claim to suffer injury under it. The consumer may, or may not, have to pay a little more for his goods; but the consumption is only one side of the citizen; he is also a producer in some shape or other; and if he is not, then also he is not entitled to any particular consideration at the hands of the State. In so far as he is a producer he shares in the benefit of protected industry. Nevertheless, it may be well, even at the risk of wearisome recapitulation, to repeat, summary-wise, the reasons why agriculture should enjoy the protection necessary to make it prosperous:

1. Agriculture is the best of all the industries. It

is their queen and their mother. Particularly to-day, in an age of unhealthy hurry and scurry, of enervating urban life, it is important to hold fast to this prime industry, this source of regular, honest wealth, this parent of a healthy, vigorous race, and to make it the basis of the nation's industrial edifice. Were it necessary—though it is not necessary—it would be worth sacrificing for it even some considerable amount of that vast sum of wealth garnered from other sources, and often squandered in wild-cat schemes all over the world, or in the propping up of rotten foreign Governments, for lack of better avenues of disposition.

2. It is well to stimulate agriculture at home, in order that we may have an adequate food-supply in time of war. National granaries would do much to stave off the horrors of famine should this country be involved in a great war; they are indeed, in my opinion, a necessary complement of our arsenals and fortifications. But you want the private granaries as well. No scheme of national granaries with which I am acquainted proposes more than a four months' supply of wheat. War might last longer than four months, and we should then have to fall back on the British farmer. And even during those four months we should need all the British farmer could give us in order to prevent famine prices, and the unfortunate necessity of the whole country being entirely dependent on the Government stores. You must, therefore, give the English farmer encouragement to extend his wheat-lands. And wheat is not the only food-stuff. You want barley and oats and meat and cheese

and butter and fruit and vegetables; but State granaries will not provide you with them.

3. The heavy taxation of English agriculture demands, in the name of common justice, that imported produce shall also be taxed in the English market. This is necessary, if only to provide some semblance of real Free-trade. At present it is absurd to talk of Free-trade, when the English produce is fettered by taxation from which the imported is exempt.

It is urged against Protection for agriculture that in this densely populated island we are necessarily dependent on imported food. It is open to argument whether we are necessarily dependent at all; it is certain that we are not necessarily so dependent to any great extent, or to anything like the extent indicated by our present imports. The soil of England is very fertile. Proper farming can increase its fertility. It is also becoming recognised that large tracts of land are not necessary for the purpose of stock-raising and dairying. Stall-fed beasts thrive as well as those which roam over great wastes, and the limit to our animal-food production is practically only measured by the supply of cattle-food. With regard to our possibilities of wheat-production, undoubtedly we could, if we thought it worth while, produce the whole of our requirements. At present, including seed, we need barely 30,000,000 quarters a year. We used to produce over 20,000,000, and that amount did not represent the possible limit of cultivation, but only the requirements of that period. Consider the case in the Fifties, for which period we

have accurate returns. We then had over 4,000,000 acres under wheat crop every year, and the average yield was more than 27 bushels to the acre. Therefore, even if we only brought back into cultivation those acres which were tilled in the Fifties, we should produce 13,500,000 quarters every year, or nearly half our requirements. But all the other wheat-growing countries have proved it possible to grow wheat profitably with a very much lower average yield than 27 bushels, if the industry is not unduly burdened. Therefore, even if every acre which might be cultivated beyond those 4,000,000 acres of the Fifties should give a lower yield than 27 bushels, we might still, without violating the rules of agricultural economy, produce the required remainder; and there is no reason to believe that this lower yield would result. However, I am not contending—no Protectionist now contends—that England should produce the whole of her supply; we might well leave a margin for the Colonies. But there is no reason why that margin should exceed one-third of our requirements.

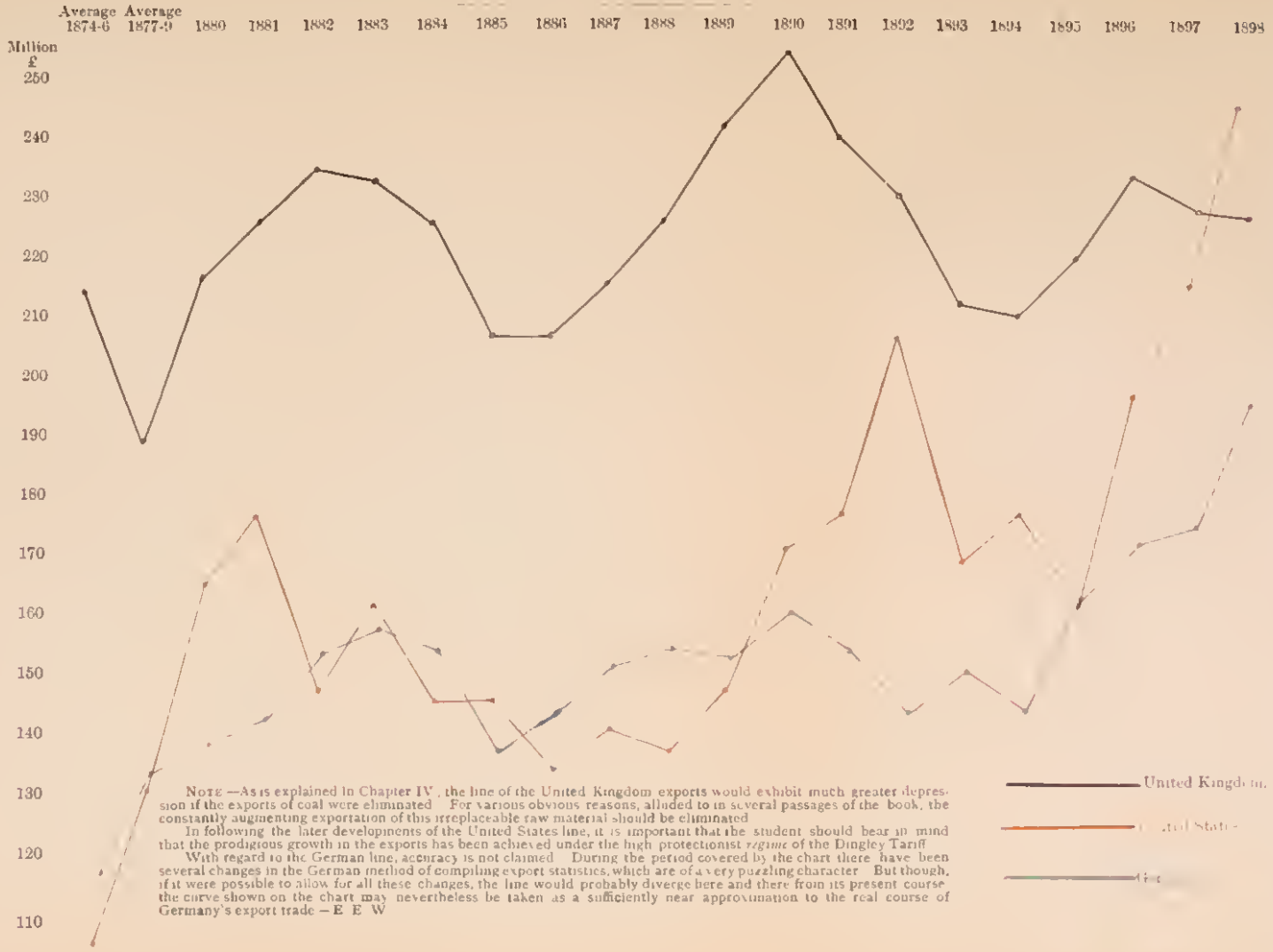
The exact extent, however, of our future wheat production may be left to experiment. Our bounden duty is to restore to agriculture such a measure of Protection as will enable it to make the experiment. The exact nature of that protection is also matter for expert discussion. We might go back to the sliding scale, or we might inaugurate fixed duties. Personally I am inclined to favour the latter system. It would not open the door to rigging of the market, and it would be simpler. I would suggest as a preliminary

standard, at any rate, that we placed a duty of 7s. 6d. a quarter on wheat from depreciated silver and paper countries, whose competition is necessarily more deadly, in consequence of the bounty given by the exchange; of 5s. a quarter on wheat of all foreign countries whose monetary system is like our own; of 2s. 6d. a quarter on wheat from our own colonies. Foreign countries could not grumble at these moderate imposts; the Colonies would have, as against foreign countries, the preference in our market to which they are entitled; the British farmer would be stimulated and encouraged with hopes of profitable wheat farming; and the consumer would not, in the long-run, have to pay more for his bread. England is the only big market for wheat, and the importer would have to accommodate himself to the price he could get in that market, which would be ruled according to the price arrived at by competition among home producers. And in regard to other agricultural products, duties, similar in principle and reasonable in amount, should also be instituted.

It may be said that in all this I am laying down visionary schemes which will never be realized. It may be so; and if so, then so much the worse for England. Yet I am too hopeful to think it. I prefer rather to rely on the prophecy made by Disraeli in his speech on the third reading of the Corn Law Repeal Bill. More than half a century has passed since then, but the fulfilment of the prophecy, although long delayed, is yet, I venture to believe, only delayed. 'It may be vain now,' said Disraeli, 'in the midnight of their intoxication, to tell them

that there will be an awakening of bitterness. It may be idle now, in the springtide of their economic frenzy, to warn them that there will be an ebb of trouble. But the dark and inevitable hour will arrive; then—when their spirit is softened by misfortune—they will recur to those principles which made England great, and in our belief can alone keep England great. They may then perchance remember, not with unkindness, those who, betrayed and deserted, were neither ashamed nor afraid to struggle for the good old cause—the cause with which are associated principles the most popular, sentiments the most entirely rational—the cause of labour, the cause of the people, the cause of England.'

Chart Showing Exports of Domestic Merchandise from the United Kingdom, the United States, and Germany for 25 Years.



NOTE.—As is explained in Chapter IV., the line of the United Kingdom exports would exhibit much greater depression if the exports of coal were eliminated. For various obvious reasons, alluded to in several passages of the book, the constantly augmenting exportation of this irreplaceable raw material should be eliminated.

In following the later developments of the United States line, it is important that the student should bear in mind that the prodigious growth in the exports has been achieved under the high protectionist *regime* of the Dingley Tariff.

With regard to the German line, accuracy is not claimed. During the period covered by the chart there have been several changes in the German method of compiling export statistics, which are of a very puzzling character. But though, if it were possible to allow for all these changes, the line would probably diverge here and there from its present course, the curve shown on the chart may nevertheless be taken as a sufficiently near approximation to the real course of Germany's export trade.—E. E. W.

IV

Foreign Competition in Manufactures

The Cobdenite ruse was not successful. These apostles of economic progress succeeded in ruining the great mother-industry of their own land; they succeeded in exposing their own manufacturing industries to a peril which would develop in after-generations; but they failed utterly to beguile the rest of the world to follow their example, and throw open their ports to the free admittance of British goods. On the contrary, foreign States, and even British Colonies, have become much more Protectionist since the establishment of Free Imports in England than they were before. With one accord the nations of the world have adopted Protection as their working principle. They have appreciated the desirability of having manufacturing industries of their own, and therewith they have appreciated the fact that manufacturing industries, in the face of outside competition, can only be established and made secure when there has also been established that policy of Protection which fostered England's manufactures into their gigantic proportions, and which England,

in a fit of short-sighted cunning, subsequently abandoned. 'Tis worthy of note that our two most formidable rivals, Germany and the United States, have both tried, if not absolutely free imports, approximations to the Cobdenite ideal, and have both seen the folly of that system; have both rejected it; have both, since rejection, made prodigious progress in their industrial output, threatening to topple over England's industrial edifice. It was in 1879 that Germany adopted Protection. She was then a country of mean industrial account; she has since advanced with such stupendous strides that the most rabid Cobdenite is fain to admit her gathering greatness. The United States, through the various changes and chances of their tariff legislation, have proved, beyond shadow of question, that Protection and industrial development go hand-in-hand, and that the free, or approximately free, import of manufactures moves hand-in-hand with the decline of home manufactures. Ask the statesmen or the practical business men of any nation in the world what would have been the effect on their national industries of a free-import policy; they will tell you that its effect would have been to stay—most likely to render impossible—the industrial development in which they have thriven during recent years. Let us fix this foreign industrial development in our minds by a short recital of some leading facts in connection with the industrial progress of foreign countries.

France.

I will begin with France. It may be said that France is not a particularly good example for my purpose, that Protection does not seem to have done her much good. Now undoubtedly, owing to causes which have nothing to do with fiscal regulations, and which I need not enter upon here, France, as a Great Power, does at the present time show signs of decadence. But a consideration of this decadence only brings out into stronger relief the greater advantages which France receives from her protective policy. For a decadent country should be a poor country; but France is declared to be the wealthiest country in the world, judging *per capita*. It is almost amazing that France should be so wealthy. The extent and solidity of that wealth were admirably exemplified in the ease with which France, after her crushing defeat at the hands of the Germans, and the internal troubles and disturbances which she suffered about the same time, paid her great war indemnity of five milliards, without apparently being a penny the worse for it. They are further exemplified in France's ability to maintain a great army and navy, in addition to a colonial empire which drains her resources, instead of adding to them. Most remarkable, too, is the circumstance quoted by Mr. Curtiss in 'Protection and Prosperity' (p. 516), that 'even after the five milliards were paid to Germany, France still had, and now has, a greater accumulation of precious metals in the banks and circulating among her

people, than any other nation.' This circumstance is an indication of an important and significant fact in connection with French wealth, namely, that it is diffused wealth. 'Tis worth bearing this in mind in view of the Free-trader's contention that Protection leads to the fortunes of the few and the misery of the many. In France, one of the most protective countries in the world, you have a proof of the falsity of this dogma. For it is very largely owing to Protection that the riches of France are so widely diffused among her population. Were, for example, the ports of France thrown wide open, as in England, to the entry of food-stuffs from America and elsewhere, where would be to-day the French peasant, whose independent industry and modest competence make him the backbone of the French economic system, and indeed in many ways the very saviour of his country?

'Tis true that France does not chronicle any great expansion in her foreign trade, but, after all, foreign trade should not be the leading object of a nation's economic policy. It is not the ideal of French economic policy as pronounced by Thiers in his speech in the Paris Assembly in January, 1870. He spoke the mind of economic France when he laid down the rule that home production for the home market should be the prime concern of the nation. 'Shall France,' he asked, 'complain that she cannot supply so many nations as England? No. She must understand that all nations cannot be great in the same way. England is the nation of cheap production, and she must seek after cheap production.

This is her career.* France must seek after Protection. . . . France has her consumers within herself. . . . England, on the contrary, has an artificial existence. She depends upon the doings of the United States, upon the doings of her colonies, which already oppose her with hostile tariffs. May not the day come when her immense production will find no purchasers? . . . This little island, in the words of Fox, embraces the world. True; but when she embraces the world she is vulnerable everywhere. . . . You can never prove to me that France, with the imposts which weigh upon her agriculture, can produce grain as cheaply as the Crimea. What, then, shall we do? Shall we renounce all our industries, and make only wine? . . . If France should renounce her industries, her cotton, her woollens, her iron, would not the world say that she had sunk into idiocy? . . . It is urged that all the protections accorded to industry constitute monopolies, and that to enrich a few monopolies, we burden the whole country. It is true there is a monopoly; but it is not in France, it is abroad. This little monopoly, which you accord to French industry, destroys the monopoly of foreign industry. . . . Every time that you give a protection to a national product you cause the price of the foreign product to be lowered, and you prevent monopoly. . . . Do you know what true competition is? It is that no nation should ever suffer itself to make any surrender of its native industries. . . . Do you know what is the

* I do not commit myself to agreement with this part of the quotation.

true competition of nation with nation? the universal competition? It is a noble ambition on the part of each people, the noble emulation of producing everything, and even that which it produces at less advantage than other people.'

This, then, is the French policy and ideal, and with such a policy and ideal, and under the circumstances of France to-day, it is not to be expected that her trade returns should chronicle a large and largely expanding foreign commerce. Yet it is a fact that her export trade, over a comparison of recent years, shows an expansion where England's shows a decline. In 1883 the exports of British products were valued at 240 millions sterling; in 1898 they were worth 233 millions; the exports of French produce were worth 138 millions in 1883, and 140 millions in 1898. Or, as this chapter deals more with manufactures than with agriculture, let us make a comparison of the manufactured exports. Those of England were worth 215 millions in 1883, and only 199 millions in 1898; but those of France were worth 74 millions in 1883, and 75 millions in 1898. The import of manufactured articles into the United Kingdom (omitting the sums returned under 'Parcel Post,' which doubtless comprise a good many manufactured articles) were worth under 53 millions in 1883, and over 87 millions in 1898; the manufactured articles imported into France were worth 30 millions in 1883, and only 25 millions in 1898.

Belgium.

In the neighbouring country of Belgium we find a nation which, like England, and unlike France, has set itself specially to cultivate the foreign rather than the home trade; but, like France, and unlike England, it has adopted a protective policy. Until 1844 it had no protective tariff, and as a consequence its industries languished; the old manufacturing reputation of Flanders could no longer be sustained against the onslaught of manufactures from protected England. But the inauguration of a tariff quickly changed the face of the country. In Thompson's 'Elements of Political Economy' there is a quotation from a Belgian writer—a Free-trader—which affords remarkable testimony to the benefits which Belgium received from her change of policy. The writer is viewing his country in 1861, and here is the result of his survey: 'If anyone had left the country in 1835, after having visited our principal manufacturing centres, and were to come back to it now, he would be struck with the transformation they have undergone, the advance they have achieved. He would find a numerous, intelligent and active population of working people where, a quarter of a century ago, he would have seen nothing but country houses scattered at wide intervals over extensive plains.'

The progress thus inaugurated has continued to the present time. The trade returns for 1898 show an increase of 7 per cent. over 1897; but let us compare 1898 with 1883, the year used for opening comparisons in the last section. The exports of

Belgian products were valued at £53,725,000 in 1883, and at £66,104,000 in 1898. British exports were worth £240,000,000 in 1883, and £233,000,000 in 1898. Belgian exports have increased by over 23 per cent., while British have decreased by more than 2½ per cent. With Belgian iron and steel work invading Free-trade England and English dependencies, to say nothing of glass and paper and other goods, we have one more striking refutation of the Cobdenite doctrine that a large export trade is incompatible with Protection. One more instance may be given of the progress of Belgian manufactures. I quote from a Consular report on the 'Metallurgical Industries of the Province of Liége.' The Consul gives a table showing the average annual production in the cast-iron industry of Liége over a series of years as follows:

Period.	Average Production. tons.	Value. francs.
1877 to 1881 ...	165,865 ...	11,483,440
1882 to 1886 ...	246,724 ...	14,393,635
1887 to 1891 ...	284,706 ...	16,642,010
1892 to 1896 ...	343,137 ...	18,773,440
1897 ...	404,517 ...	25,359,500

Germany.

But it is when we come to Germany that we begin to appreciate how Free-trade England is going down before her Protectionist rivals. As that excellent American Protectionist writer, Mr. George B. Curtiss, says, in 'Protection and Prosperity,' 'The monopoly which the United Kingdom so long held of foreign trade is being destroyed by Germany.' The economic history of Germany is particularly instructive. Driven

to admit the marvellous growth of German industrialism in recent years, the Free-trader casts desperately around for some explanation other than a protective tariff. Of course he can find it. He can point (as, indeed, I have often had occasion to do myself) to the plodding ability, the advance in scientific research and technical skill, so characteristic of Germany. But the history of economic Germany shows with perfect clearness that, though these things are undoubtedly factors in Germany's success, they are yet subordinate to the German Protectionist system. The *Spectator*, for example, consumed with deadly fear of advancing Protectionism, published an article (August 27, 1898), on the 'Increase of German Prosperity,' wherein it sought to prove that Protection had nothing to do with that prosperity. It made much of the German temperament, said—quite rightly—that the Germans 'are a plodding, exact, cautious people, who look at any problem all round before they deal with it.' Exactly. They looked at the Tariff Problem 'all round,' and then they dealt with it. 'Their long era of misfortunes,' proceeds the *Spectator*, 'was due to historical causes; their present success is the outcome of their own national qualities.' Now glance briefly at some of these historical causes.

At the beginning of the nineteenth century the German States found themselves overrun with protected British manufactures, and their own manufacturing capacity stunted in consequence. Therefore, in 1818, Prussia adopted a policy of vigorous Protection, and the other States followed suit. At

this period the various States were protected against each other. Considering the real homogeneity of Germany, even then this internecine Protection was not good, and the Germans were not slow to see the fact. Hence the successful movement towards the Zollverein, which began its work of absorption in 1819, well-nigh completed it in 1833, and within ten years from then had finished the work, with the exception of the two cities Hamburg and Bremen, which were included in 1889. To return to the middle years of the century. Cobden, having got his way in England, proceeded to the Continent to carry out the ulterior motive of English Repeal, namely, the inducing other nations to follow England's example. It was a time of much talk about freedom and individual rights and the abolition of Governmental restrictions of all kinds, and the rest of the Manchester pabulum, and naturally the man who had inaugurated such a tremendous fiscal revolution in his own great industrial country was listened to with considerable eagerness and respect. In Germany he found a particularly cordial welcome, and he managed to convert a number of theorists to his view. These men formed themselves into a 'Congress of Political Economists.' Germans are ever prone to pursue a theory. And the active theorists who ran this congress soon made their influence felt, to such an extent that tariff revision in the direction of Free-trade was inaugurated. There was a series of measures, beginning in 1865 and completed in 1887.

Just as in England, where the evil effects of Free-trade were, owing to extraneous circumstances, not

immediately felt, so in Germany, the real nature of Free-trade was for a time hidden from the people. The period during which Germany was proceeding on her Free-trade path happened to be the birthtime of the German Empire—a time when the old Holy Roman Empire, rose, phœnix-like, from its ashes, under the guidance of a great King and a great Chancellor. Germany was bubbling over with youthful strength; and buoyant energy will carry a nation a long way towards prosperity, despite adverse economic conditions. Then came the Franco-Prussian War and the magnificent triumph over the French; and the definite welding of the German States into an empire infused a still greater measure of economic energy into the German people. What Germany felt most need of was money, and with the treaty of peace a huge sum of money was forthcoming. The French milliards flooded Germany, and industrial development proceeded rapidly in consequence. This, of course, helped the Free-traders to put the coping-stones on their work. 'See,' they said, 'how we are progressing; it is owing to the Free-trade measures which we already have; let us have some more, and we shall progress still farther.' And the country gave them more. Then came the reaction. The country's industrial expansion found itself checked by the gathering inroad of English goods, and serious trouble ensued. Here is Mr. Dawson's picture of what happened:

'Failure followed failure. Factories were stopped, warehouses were closed, and industrial fortunes, built up slowly by the accumulation of hard-earned profits,

disappeared like snow beneath the sun. Labour fared even worse than capital. The wages which had risen so rapidly fell with a shock, where, through the cessation of employment, they were not entirely lost to the toiler's family.'

The country quickly repented of its foolish liaison with Free-trade. Bismarck bent himself to the work of reconstructing Germany's economic policy. He had made the Empire; he intended to preserve it. On his recommendation a committee was appointed to investigate the question. Its report, presented on December 15, 1878, recommended a return to Protection. In the following February a speech from the throne announced that

'The Federal Governments are considering legislative measures for the removal, or at least the diminution, of the common evils from which we are suffering. . . . I regard it as my duty to adopt measures to preserve the German market to national production, so far as is consistent with the general interest; and our Customs legislation will accordingly revert to the tried principles upon which the prosperous career of the Zollverein rested for nearly half a century, but which have in important particulars been deserted in our mercantile policy since 1865. I cannot admit that actual success has attended this change in our Customs policy.'

A few months later Bismarck told the Reichstag that

'One thing is clear, that through the widely-opened doors of its import trade the German market has become the mere storage space for the overproduction of other countries. We must therefore shut our gates, and take care that the German market, which

is now being monopolized by foreign wares, shall be reserved for native industry. Countries which are enclosed have become great, and those which have remained open have fallen behind.'

The Reichstag passed a Tariff Law which gave the country greater protection even than it had before; and from the passage of that law dates Germany's great industrial prosperity. The 1879 Tariff Law was made still more stringent in 1881, and again in 1885, when Bismarck, in moving the Bill, was able to point to the good results that had already followed the return to Protection, which, he said, 'had freed the country from its poverty of blood.' To quote again Mr. Curtiss:*

'The export of manufactured articles had increased from 1,026,500,000 marks in 1878 to 1,368,300,000 marks in 1880, or 33 per cent. Wages and profits had materially increased. By a report of the German iron and steel manufacturers representing 247 works, it appeared that the number of artisans employed had increased 35 per cent. in 1884 over 1879. The number of steamships had increased from 336, with a tonnage of 183,379, in 1878, to 650, with a tonnage of 413,943, in 1885. In 1875, 21,472 German vessels returned to port, with a tonnage of 2,505,779, whereas the arrivals had by 1885 increased to 36,115, and the tonnage to 4,513,692. The tonnage in vessels outwards showed a similar growth. . . . In 1887 the Association of German Iron and Steel Manufacturers, upon an investigation made into the condition of the industry, and the effect of the increased duties upon the employment of labour, showed that in January, 1879, before the return to Protection, 233 large iron and machine works

* 'Protection and Prosperity,' p. 425.

employed 124,262 hands, and paid them 7,681,291 marks per month, or 61·83 marks each. The contrast between the months stated and the same months in 1887 is most significant of the result which always follows the application of Protection. The number of employés had increased to 162,320, an increase of 38,058, which equals 30·6 per cent. The wages paid were 10,740,056 marks (66·17 marks per head), an increase of 3,058,765. Not only were wages increased, but fair profits were returned for the investment of capital.'

It is important to remember that at this time England was suffering from such an acute fit of industrial depression that a Royal Commission was appointed to consider the matter. This Royal Commission collected Consular reports from Germany, and they all spoke of the good industrial times in Germany, making a most effective contrast to the melancholy condition of England. One report (from Hamburg) showed that between 1848-51 and 1879-85 wages had increased 98 per cent., 80 per cent., and 85 per cent., while for skilled labour in road-building they had increased in some instances 226 per cent. English wages meanwhile were decreasing, and bands of unemployed were massing in Trafalgar Square, to the terror of Londoners.

Let us give some brief statistics of a later period, and return to our comparison of 1883 with the most recent year. Here is the result:

Exports of Total Home Produce.

	Germany.	England.
1883 ...	164 millions sterling	240 millions sterling
1898 ...	200 ,, ,,	233 ,, ,,
	+36 ,, ,,	−7 ,, ,,

Exports of Manufactures.

	Germany.		England.	
1883 ...	98 millions sterling		215 millions sterling	
1896 ...	115	„ „	208	„ „
	+17	„ „	−7	„ „

Finally, it is worth careful note that Germany, notwithstanding her devotion to industrialism, yet wisely keeps hold on agriculture, and, unlike England, for the most part feeds herself.

The United States.

But industrial progress across the Atlantic in recent years gives us good reason to fear that in the North American Republic we have to face a rival even more threatening than Germany; and that Republic is the most Protectionist nation under the sun. Moreover, her manufacturing progress has been made under and in direct consequence of Protection. Her history shows, beyond the possibility of cavil, that it is by Protection that she has given life to those native industries which of old were choked under the flood of English imports, that by Protection she has made herself into a great self-contained nation; and not only that, but Protection has so wonderfully developed her manufacturing power that—almost without striving for it—she is now rapidly taking a leading place among the nations which manufacture for export as well as for home consumption, is capturing the neutral markets which aforetime were almost exclusively England's, and will in a very few years put England behind her in the race.

Tariffs may be traced to the very beginning of the United States, but protective tariffs may be dated from the law of 1824. This first real protective measure was engendered by a contemplation of the parlous condition of the national industry which had characterized the previous years. Owing to the influx of British goods home industries were strangled in the birth, and the country was drained of specie to pay for those goods. Under this Act there was imposed a duty on all imports averaging 37 per cent. The good effects of the law were quickly apparent. It was an initial experiment, and full of defects, and the free-import period preceding it had reduced the country to a condition of distress and ruined industry. But there was a quick revival. Statistics of that early period are difficult to obtain; but we have a good illustration in the production of pig-iron, which, even when other statistics are available, is often taken by preference as a criterion. In 1810 there had been produced 54,000 tons of pig-iron; in 1821 the industry was completely ruined; in 1828 130,000 tons were produced. Henry Clay, writing in 1832, said: 'If the term of seven years were to be selected of the greatest prosperity which this people have enjoyed since the establishment of the present Constitution, it would be exactly that period of seven years which immediately followed the passage of the tariff of 1824.' The period referred to was not entirely occupied by the 1824 tariff, for the deficiencies of that Act were remedied, and the tariff made more stringent by an amending Act passed in 1828.

But a Free-trade mania soon took possession of the

country. Unmindful of the miseries from which the recent protectionist régime had saved the Republic, certain of its citizens wanted to return, like the dog of Scripture. They nicknamed the 1828 law 'the Tariff of Abominations.' The short-sighted views of the Southern cotton-planters, who were content that their slaves should cultivate cotton for English manufacture, prevailed, and a Free-trade era began in 1833. It had disastrous consequences on the young country's development. The notion was that all duties over 20 per cent. should gradually be reduced by 10 per cent. stages until a 20 per cent. basis—a mere revenue tariff—was reached. Here is the result, in the words of an American writer: 'The country has probably never passed through such a disastrous panic as that of 1837. . . . The revenue was now insufficient to meet the wants of the Government. Banks were suspending, factories were shutting down, labour was everywhere idle, and the wages of the few employed cut down to one half and less.'* In the natural course the industrial progress of this admirably favoured new nation would have been great during the decade from 1830 to 1840, but, owing to the loosening of the tariff bonds, there was hardly any progress at all, save in cotton-growing, from the sales of which raw material the country managed to pay for some of the English manufactures with which it was flooded. According to the 'American Almanac,' 34,000 merchants failed, with net liabilities of 440,000 dollars, and 50,000 more settled at a loss of nearly 300,000 dollars. A struggling young nation

* 'Protection and Prosperity,' by G. B. Curtiss, p. 591.

could not stand that sort of thing for long, and with 1842—the year which had been selected by the Free-trade Act of 1833 for the completion of the tariff destruction programme—the Republic returned to economic sanity and Protection. At once industry began to revive. To quote Mr. Curtiss again (p. 594): 'The fires were lit, the wheels began to revolve, and the industries and business of the country improved daily. Not only that, but the Treasury gained relief at once. The Customs receipts for the year ending June 30, 1843, were 25,234,750 dollars, as against 14,487,216 dollars for the previous year under the Compromise Tariff. Under the Free-trade Tariff there had been a steady decrease of revenue. Under the Protective Tariff of 1842 there was a steady increase of revenue, and this, too, in the face of a most decided falling off in certain imports;' and a table follows whence it is seen that the imports of cotton, woollen, silk, linen, iron, and steel manufactures fell from 49,372,757 dollars in 1841 to 35,633,877 dollars in 1842, and to 8,566,987 dollars in the first nine months of 1843. (A change in the fiscal year prevents more than nine months being given.)

But the lesson was soon lost, and in 1846 we find Congress passing another Free-trade measure. At once National Debt and imports began to increase, and native manufacturing production received a check. But the mischief was not apparent to many, owing to an extraneous factor which enabled the country to satisfy its foreign creditors. That factor was the gold discovery in California. But this artificial prop did not sustain the country for long. In the middle of

the Fifties the industrial nation was reduced to a parlous condition of poverty, lack of employment, bankruptcy, even starvation, as Horace Greely's writings in 1855, describing the feeding of hungry crowds in New York, testify. The gold of the country was doing no good to the country, which it left as soon as it was got, in order to pay the foreigner. Some fresh step had to be taken; but it was a fatuous step which was taken—the yet further reducing of the tariff. This was in 1857. Ruin came fast, and the four years during which this tariff lasted were the worst in the country's history. The National Debt increased from 45 million dollars in 1857 to 90 million dollars in 1861—just doubled itself in four years; the Customs revenue decreased, while the State expenditure in the four years exceeded the receipts by $77\frac{1}{4}$ million dollars. As to the industry of that period, let us quote Peter Cooper: 'British iron and cloth came in, and gold went out, and with each successive day the dependence of our farmers on foreign markets became more complete.' The President, in his message at the end of 1860, said: 'Panic and distress of a fearful character prevail throughout the land. Our labouring population is without employment . . . all hope seems to have deserted the minds of men.' The only persons who got any good from the tariff were the English manufacturers, whose exports to the United States increased between 1846 and 1860 several hundreds per cent. in many important branches. They took their payment in Californian gold, much of which, under a protective tariff, would have remained in America, and de-

veloped the nation's industries, and converted its poverty into wealth.

But again the country repented of its foolishness, and returned to Protection in 1861. It will not be necessary to follow in detail the various tariff changes which have taken place since that time. Suffice to say that they each had in view the scientific principle of Protection adapted in practice to the needs of the moment, with the exception of the Acts of 1883 and 1894. The 1883 Act is known as the Compromise Tariff. It was not a bad measure on the whole, but, to please the Free-traders, contained various reductions in the scale of duties, chiefly in cotton and iron goods and agricultural products (in all of which schedules the margin of safety was, in the opinion of competent critics, overpassed), and in wool and woollen goods. It was in respect to this last schedule that the battle was mainly fought, but the Protectionists eventually allowed the schedule to pass, rather than sacrifice the whole Bill. The injudiciousness of the reduction was quickly manifest. The contention of the Free-wool party had been that the raw product should be admitted for the sake of the manufacture, and that cheaper wool would allow cheaper manufacture, and so permit lowered duties on the manufactured imports. They did not appreciate that, with proper protection, as good wool could be produced by American agriculturists as manufacturers needed, and that therefore the principle of allowing free ingress to a raw material which the country manufacturing could not produce did not apply. Expert opinion was against their view of a necessary import. Under

this Act sheep-raising declined, and was of course accompanied by a good deal of direct and collateral loss of national wealth; and the manufacturing industry languished also, as may be gathered from the increase in the importation of woollen manufactures between 1883 and 1889 from 93 to 157 million dollars; in clothing from 11½ to 29¼ million dollars; in carpets from 40 to over 90 million dollars. The mischief was repaired by the McKinley Tariff of 1890.

The other departure from Protection was the Wilson Act of 1894, under which, in addition to a general reduction of duties, wool was again placed on the free list. There was in consequence a great falling off in the country's head of sheep; but the manufacturing industry did not flourish in compensation. The years during which this tariff operated were, indeed, the palmy years of Yorkshire, whose American market expanded enormously, and has not been equalled before or since. Here is a short statistical history in illustration: In 1889, in the first Free-wool epoch, Yorkshire's exports to the United States of stuffs and worsted coatings were worth £3,096,369; in 1891, under the McKinley Act, £1,579,687; in 1895, under the second Free-wool epoch, £3,762,408; in 1898, under the Protectionist Dingley Tariff, £603,198. This is how Mr. Curtiss sums up the Wilson period: 'Increased importations of competing commodities, to the detriment of American manufacture; great increase in National Debt; deficiency of revenue; impairment of gold reserve, necessitating repeated bond issues; decline in foreign trade;

general depression in business throughout the entire country.'*

But the Compromise and Wilson periods were only temporary aberrations in the otherwise settled policy of Protection under which the United States had flourished from 1861 to the present time. Not the most rabid Free-trader can deny the wonderful progress which has been made, and no moderately impartial student of United States industrial history can hesitate to ascribe a very large share of that progress to Protection: the evidences are too unmistakable. In proportion to the scientific stringency of the Protection has been the progress; in proportion to the Free-trade laxity which crept in at times has been the slackening of the progress. Like other countries, the United States have had their times of depression and panic; but it is very noteworthy that all those evil periods occurred in Free-trade periods, save the panic of 1873, on which Free-trade writers love so to dwell. But that panic had nothing to do with Protection, but was brought about by causes over which Protection had no control, and which it could not withstand. A general reduction of revenue duties before the country had fully recovered from its tremendously expensive Civil War, the paper currency, with its heavy gold premium—of such as these were the causes which contributed to the 1873 panic. On the other hand, it was in no small measure owing to the security for industrial enterprise given by Protection that the country recovered so soon and with such slight loss.

* 'Protection and Prosperity,' p. 656.

The United States have proved how great are the benefits of Protection. When they returned to it in 1861 they were devastated by a fearful Civil War; yet their industrial progress was not stayed—a circumstance in itself forming a most notable testimony to the virtues of the policy; between 1860 and 1870 the *per capita* wealth of the country increased 20 per cent., the total wealth 50 per cent., the amount invested and the wages paid both increased 100 per cent., while the *per capita* debt diminished 15 per cent. First, the country became self-supporting—the real aim of Protection. This independence was all that was aimed at, and it is important to bear the fact in mind when comparing the foreign trade of the United States with that of other countries. The population, now nearing 70,000,000 (as against 31,500,000 in 1860), is the richest population on the face of the earth, and its demand for articles of consumption is the most lavish of any. Yet Protection has enabled home producers to satisfy this demand, and a full home supply of manufactures has been achieved without staying the progress and prosperity of agriculture. And now, having so stimulated home industry that the country is practically independent of imported manufactures, it is found that production has become so large and so cheap that there is a surplus for the world market, and that surplus is being discharged thereon in yearly-increasing quantities. I might write pages in illustration of this fact, so portentous to England; but let a few bare figures suffice. I will finish this section by a comparison similar to

that made in the case of the countries previously dealt with:

Exports of all Home Produce.

	United States.	England.
1883 ...	168 millions sterling	240 millions sterling
1898 ...	251 ,, ,,	233 ,, ,,
	+83 ,, ,,	−7 ,, ,,

Exports of Manufactures.

	United States.	England.
1883 ...	28 millions sterling	215 millions sterling
1898 ...	62 ,, ,,	199 ,, ,,
	+34 ,, ,,	−16 ,, ,,

The Competition in Specific Industries.

The foregoing is a bird's-eye view of the comparative decadence of British manufactures owing to the protective systems adopted by other countries. I have only drawn your attention to four typical and leading rivals of England, though the list might have been extended over the whole of the civilized world. In Japan we see a country but lately hemmed in by a peculiar civilization of its own, which put it beyond the bounds of effective competition with Western nations; but within the last few years that country has broken through the shell, and, stimulated by the energy as of a youthful nation, has entered successfully into the manufacturing race. It has copied Western ways with almost slavish fidelity, and has already become a potent factor in the commercial problem, and a dangerous competitor in some of England's staple industries. Between 1886 and 1895

her exports of fully manufactured goods increased in value more than ninefold.

In Russia we have to face a great empire, which, though not as yet a formidable competitor with British manufacturing industries, will, 'tis safe to forecast, become a very formidable competitor indeed in the future. Russia is economically several hundred years behind Western Europe, but she is overtaking Western Europe with rapid strides: and she has already conceived the idea of becoming herself a great manufacturing, instead of merely an agricultural, country; to this end she has erected a tariff-wall around her empire, and there is good reason to believe that this wall will be raised higher when, by the actual or prospective development of industries in Russia, the occasion may seem opportune. Her able Finance Minister is striving hard to induce the immigration of foreign, and especially of British, capital to found these industries, and it is more than likely that his efforts will be successful, and that English capitalists will take advantage of the proffered opportunity of conducting their industries under the ægis of a Government which knows how to protect them. It is very certain that when the great Russian Empire, with its wonderful resources, does succeed in developing a big native industry, the pressure of competition will become very much more severe than it is to-day, and unprotected English manufactures (assuming the present policy to continue) will find their struggles to keep a foothold made much harder.

Even Italy—played out as many suppose it, undoubtedly distraught by political and financial

mismanagement—is making substantial and rapid manufacturing headway under cover of Protection, and so is adding its quota to the press of competition that England has to face. Signor Angeli, an Italian senator and prominent manufacturer, has stated in the Senate that Italy's imports of manufactures declined from a value of £17,920,000 in 1885 to a value of £10,160,000 in 1897, notwithstanding that home consumption had expanded; but that her exports of manufactures had in the same period increased in value from £6,160,000 to £8,840,000. Between 1887 and 1897 he estimated that the value of Italy's manufactures increased from £12,000,000 to £14,000,000; and the expansion between 1897 and 1898 was yet more notable, and spread over most branches of manufacture.

But let us now turn to some of the individual industries which are the items in England's industrial edifice, and see how they are faring.

IRON AND STEEL.

'The situation is truly serious for British manufactures.' So writes a well-informed correspondent of the *Times* of April 18, 1899. This sentence was not written in a time of trade depression, when gloomy statements, even in well-informed quarters, need sometimes to be discounted, but in a period of exceptional prosperity, owing largely to the spurt in shipbuilding. The sentence therefore has special weight and significance. In no department of manufacturing industry was, until a very few years ago,

England's supremacy greater and more unchallenged than in the production of iron and steel goods. That supremacy has gone. Not only do the combined nations of the world far exceed England's production, but one nation alone has beaten her hip and thigh—to wit, the United States. 'Tis essential to bear in mind that the use of iron and steel is growing very largely indeed. Railways are spreading themselves all over the world; nearly all ships of any size are now built of iron; the metal is coming into universal use for bridge-work and for building construction generally. Therefore England's iron and steel industries should be making rapid headway, in order to keep pace with the enlarged consumption. But, as matter of fact, they are, even during the present spurt, doing nothing of the kind. The spurt, which is proceeding as I write, renders it difficult to gauge the real permanent position of the industries; but a study of the available figures certainly indicates that the *Times* correspondent was right in describing the situation as 'truly serious'; for, apart from ship-building and armaments, a great deal of activity in which is obviously transient, signs are rather of retrogression than of progress. Just lately the output of pig-iron has advanced, but under the circumstances the advance is by no means remarkable. The production last year reached a total of 8,631,151 tons; but the production in the United States was 11,773,934 tons—greater than that of England by 3,142,783 tons. Germany's production rose from 6,881,466 metric tons in 1897 to 7,402,717 metric tons in 1898. Yet

until recently the position was reversed, and more than reversed: England was well ahead. This will be most easily seen by the following table.

Quantity of Pig-iron Produced.

	ENGLAND. 1,000 tons.	UNITED STATES. 1,000 tons.	GERMANY. 1,000 metric tons.
1887	7,560	6,420	4,024
1888	8,000	6,490	4,337
1889	8,320	7,600	4,524
1890	7,900	9,200	4,658
1891	7,410	8,280	4,641
1892	6,710	9,160	4,937
1893	6,980	7,120	4,986
1894	7,430	6,660	5,380
1895	7,700	9,450	5,464
1896	8,660	8,620	6,373
1897	8,900	9,650	6,881
1898	8,630	11,770	7,403

It was fondly imagined, and confidently stated, that the United States could never become a formidable competitor with England's iron and steel industries—not, at any rate, until Protection in America was abandoned—because a protective tariff meant dear production. So it is interesting, if alarming, to learn that the price of American pig-iron, which was 187·52 shillings a ton in 1866 (British pig-iron being then 62·62 shillings), was in 1898 only about 40 shillings a ton, in spite of the enormous demand having overtaken the supply, and so tended to keep prices up.

The really serious condition of the English industry may be gathered from a consideration of the import and export statistics. Here are the exports of the last decade:

Exports from the United Kingdom of Iron and Steel.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
tons.	tons.	tons.	tons.	tons.
3,541,759	2,780,711	3,550,398	3,686,106	3,247,368

It may perhaps be said that the loss in the export trade is not very remarkable; but it is remarkable in view of the circumstances. The year 1898 witnessed a very large expansion of the world-market for iron and steel, and there should have been a corresponding expansion of our export trade; the actual decline is most ominous. The export of our competitors expanded. The iron and steel exports of the United States reached a total value of 48,500,000 dollars in 1896, of 62,737,250 dollars in 1897, and of 82,774,958 dollars in 1898; the quantity of Germany's iron and steel exports rose from 1,520,297 metric tons in 1897 to 1,727,562 metric tons in 1898. Ominous, too, is the increased import of manufactured iron and steel into this country. The newspapers frequently call attention to specific instances of corporations and railway companies buying their electric plant or their bridge-work or their engines from foreign manufacturers; but without stopping to detail such instances, let us glance at the general import statistics of recent years. This is what they show:

Imports into the United Kingdom of Iron and Steel.

Bar Iron.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
tons.	tons.	tons.	tons.	tons.
89,505	65,605	71,058	68,152	69,224

Wrought or Manufactured Iron and Steel.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
£3,127,984	£3,108,184	£4,878,452	£6,063,363	£7,321,725

Note the decline in the first of these tables. Bar iron, though in a sense a manufacture, may also be properly regarded as a raw material. That the import of this semi-raw material should be declining, while that of fully manufactured articles is increasing so hugely, is one of those sinister signs in modern British industry, instances of which may be found in all branches of trade. Here is the comment on the decline of bar-iron made by the *Times* correspondent in the article already referred to :

'It is true that Great Britain has always imported more or less iron and steel from other countries, but up to a comparatively recent date our imports mainly took the form of Swedish bar-iron for our crucible steel industry, and were therefore rather of the nature of a raw material than that of a manufactured article. If we go back to 1860, we find that 54,000 tons of imported iron, out of a total of 57,000 tons of all kinds, assumed this form, and even so recently as 1877, 42,000 tons out of a total import of 125,000 tons were in the same category. But in the first quarter of the present year (1899) not more than 14,376 tons, out of a total of 190,916 tons of all descriptions of iron and steel imported into Great Britain, took the form of bar-iron. The remainder has almost wholly been manufactures of iron and steel, which come into direct competition with what we produce at home. This means, in short, that we are now importing iron and steel manufactures, for use in our own home industries, at the rate of close on 800,000 tons a year, in direct competition with British producers of the same kind of commodities.'

Another grave feature of our iron and steel industries is the rapid decline of certain important branches in the face of foreign competition. There

was a time, and not so very long ago, when England made the world's rails, and, when our capitalists lent money abroad, the country looked to get back no small share of that money in the payment of rails made in this country for the foreign countries and colonies which used the loaned capital for the purpose of railroad construction. Our capitalists continue to lend the money, but our manufacturers have ceased to get back the major share of it by supplying rails. In 1882 the British manufacture of Bessemer steel rails was 1,235,785 tons; by 1894 it had got down to 598,830 tons, and the industry is still in the same bad way, though it recovered considerably after 1894: the production in 1896 being 817,476 tons; in 1897, 921,131 tons; but in 1898 it declined to 751,591 tons. The United States, on the contrary, whose rails were built with British iron and steel as well as British capital, have now, by their policy of Protection, not only relieved themselves from dependence on us, but have themselves become exporters, their competition having forced down the price of our rails by about 5s. a ton in one year (1897), in which year they produced 1,647,092 tons (nearly twice our production), and exported about 220,000 tons. The *Times* correspondent is not unjustified of his comment:

'To-day the British rail industry is a shadow of its former self, and our rail exports for the first quarter of the present year were at the rate of only about 360,000 tons a year, or very little ahead of the actual rail exports in 1898 of the United States, which less than ten years ago did not export any rails at all.'

Here look at the following illustrative table of iron

and steel and manufactures thereof exported from and imported into the United States in 1880 and 1898:

	1880.	1898.
Exports	£3,031,000	£16,544,000
Imports	16,087,000	2,495,000

Thus, largely by a policy of spirited Protection, have the tables of trade been almost exactly turned in the course of eighteen years.

The tin-plate industry furnishes another instance. Tin plates are coming more and more into use for all sorts of purposes all over the globe. Our great market used to be the United States. In 1890 we sent them 318,108 tons, in 1898 only 65,338 tons. In 1897 our output of tin and black plates was estimated at about 450,000 tons, but for the year ending June 30, 1897, the United States' output—and the industry is but in its infancy—had already reached nearly 200,000 tons. This deprivation of our chief market and the entry of the United States into our other markets have had a most disastrous effect on profits in the Welsh trade, and, despite the largely growing demand for tin plates, the industry has been for some two or three years past in a most serious condition, works being closed or partly closed, and some makers betaking themselves to other branches of the iron trade.

In face of this piecemeal disintegration of our iron and steel trades, how is it possible to be contented with the spurt in certain departments of the home industry? As the *Times* correspondent says:

'It is pleaded, and with some amount of truth, that

the total production of iron and steel in Great Britain is not actually less than formerly, and that this, after all, is the main thing. No doubt the fact is so, but can anyone guarantee the permanency of the present unprecedented home demand, and if it falls to normal proportions, what is to become of our iron and steel industries, with the attenuated export trade that appears to lie in the future? And, with regard to the home market, it is probable that many British consumers, having ascertained where they can have their wants satisfied by foreign producers, will in the future keep the possibilities of lower foreign prices prominently in view, and the foreigner will thus be afforded a permanent opportunity, the like of which he has never before had.'

TEXTILES.

Of even greater importance than our iron and steel industries are the textile trades of this country. As we have seen in an earlier chapter, the manufacture of woollen goods marked our beginning as an industrial nation, and was for many generations our staple industry—the word 'staple,' indeed, has its origin in this trade—and for generations also, having conquered Continental competition, we kept the trade in the hollow of our hands, and were the world's universal providers. Nor was it alone in the woollen industry that our production was immense and supreme; we made also the world's linens, a large share of its silk fabrics, and later we compassed the manufacture of cotton goods. Any decadence, therefore, in our manufacture of textile fabrics in the face of foreign competition may, in view of the tremendous grip we have had on those industries, be fairly taken as a most serious symptom.

Woollens and Worsteds.

In a previous section I adduced some figures to show how in recent years our woollen and worsted trades have been injured by protected American competition. But a few more facts may be recited here. Below is the course of the exports during the past decade :

[The index numbers are placed beneath the quantities and values, the comparison of the more recent years being thus made with the average of the first three years of the decade.]

EXPORT FROM THE UNITED KINGDOM.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
		Woollen Yarns.		
lb.	lb.	lb.	lb.	lb.
1,476,200	1,045,900	1,023,000	1,090,300	993,700
100	71	69	74	67
		Worsted Yarns.		
lb.	lb.	lb.	lb.	lb.
41,700,000	53,683,300	61,215,700	55,985,100	57,832,100
100	129	147	134	139
		Alpaca, Mohair, etc., Yarns.		
lb.	lb.	lb.	lb.	lb.
13,639,000	15,922,000	14,641,200	11,931,200	11,861,400
100	117	107	87	87
		Woollen Tissues.		
yds.	yds.	yds.	yds.	yds.
56,612,000	48,444,000	61,196,000	52,266,000	46,357,000
100	86	108	92	80
		Worsted Tissues.		
yds.	yds.	yds.	yds.	yds.
159,445,000	117,336,000	136,829,000	129,594,000	95,462,000
100	74	86	81	60
		Value of Export of all Woollen and Worsted Fabrics.		
£19,524,000	£16,718,000	£18,261,000	£15,980,000	£13,791,000
100	86	94	82	71

As a preliminary comment on the above figures, let me say that had the comparison been taken farther back the figures would have made the recent record look still worse; and had the index number, for example, been fixed for 1872 in the last section of the table, 1898 would be represented by 43 instead of 71. A notable feature in this table is that the principal drop has been in the value of exported woollen and worsted fabrics, and the drop has exceeded the fall in the price of the raw material. The average price of Port Philip fleece in 1889 was 17¼d., in 1898 it was 13¼d.; in index numbers, 100 and 77. The average price of Buenos Ayres wool was 6¾d. per lb. in 1889, and 5¼d. in 1898; in index numbers, 100 and 78. The average export price of coal was 10·21s. per ton in 1889, and 9·92s. per ton in 1898; in index numbers, 100 and 97. Clearly, then, foreign competition has within the last decade had a baleful effect on the profitableness of the English woollen manufacture, causing prices to be cut very fine in order that even a modified position in the world market might be maintained. Another equally notable feature of the above table is the more serious loss in the fully-made fabrics than in the yarns. This feature is specially worthy of attention. Apologists for the present régime contend that our exports are in a good way because the bulk shows no serious signs of diminution. Sir Robert Giffen used this argument in a paper on 'The Excess of Imports,' read before the Royal Statistical Society in January, 1899. He contended that our exports had not diminished, and so strained his point beyond what the actual

figures permit; but let that pass. I would draw to your notice his contention that the *kind* of export did not matter. 'At one time in the history of our foreign trade,' he said, 'the export of raw wool, to use a common phrase, was king, at a later the export of woollen manufactures;' and so he went on, cheerfully assuming that one trade was as good as another. Surely a man of Sir Robert Giffen's acumen should know that one trade is not as good as another; and if he does not know, a little study of the course of the Bradford trades would soon teach him. The trades which should be most carefully conserved are those in which the greatest amount of men's expert labour is employed. This sounds like a truism, it is so simple; yet Sir Robert Giffen and his friends fail to appreciate it. But the men who formulate the fiscal policy of other countries know it well enough, and so, in respect to the textile trades, they have regulated the export duties in such a manner that raw and semi-raw materials are given free, or almost free, admittance, while the fully-manufactured articles are kept at bay by stringent tariffs. Now see the result. Year by year these foreign countries take from England more of such commodities as tops, noils, waste, etc., which are practically raw materials, and less of our fully manufactured articles. It is only since 1882 that our export returns give any record of tops, noils, and waste; in that year these exports were valued at £90,442; and they have grown with remarkable steadiness ever since, until in 1898 they reached a value of £2,362,995. Now, this change may or may not adversely affect the capitalist,

but it certainly does adversely affect the labourer. Tops and noils have very little added to them by labour, and even the spinning of yarn chiefly employs women and children. But the processes of full manufacture—the dyeing, the finishing—employ hardly any children, but a very great deal of adult labour. This is a point on which Free-trade criticism is specially invited.

Now for the import trade. No decline is visible in the amount of foreign woollen goods which our people purchase in preference to home manufactures. Here are the statistics for the last decade:

Imports into the United Kingdom.

Average, 1889-92.	Average. 1893-95.	1896.	1897.	1898.
	Berlin Wool and Fancy Yarns.			
lb. 1,296,728	lb. 1,253,896	lb. 1,267,323	lb. 1,129,496	lb. 1,037,840
	Yarn for Weaving.			
lb. 16,050,346	lb. 15,847,299	lb. 18,738,080	lb. 16,256,307	lb. 18,108,228
	Woollen Stuffs.			
yds. 71,654,779	yds. 81,673,195	yds. 81,912,246	yds. 83,725,893	yds. 73,198,089

The critic who likes to see things in a pleasant light may point to the drop in the import of the woollen stuffs in 1898 as a satisfactory feature; and, indeed, so far as it goes, it is satisfactory. But the explanation, though not destroying the feeling of satisfaction, prevents any transports of joy. It was brought about by the great energy of the Yorkshiremen, whose

American market, on which they depended so heavily for their trade, was well-nigh destroyed by the Dingley Tariff Act of 1897. Something had to be done with their plant and staff of workers, thereby rendered idle; so supreme efforts were made to capture a larger share of the home market; the success of these efforts is marked by the above figures of declining imports. But the extra trade was only secured by almost ruinous cutting of prices and by the diversion of plant to other uses, involving waste; and, any way, the compensating trade thus recovered was but very partial compensation. If you will refer to the export tables above, you will see that the loss in the export of woollen and worsted tissues between 1897 and 1898 amounted to 40,000,000 yards. But the gain, owing to the decreased import of woollen stuffs in 1897 and 1898, was only 10,500,000 yards.

Silk.

The manufacture of silk goods has suffered more from lack of Protection than any of the textile industries; and the name of Cobden is still execrated by the unfortunates of Coventry and elsewhere, who compare the flourishing state of their industry before 1860, when the duties were removed, and now. It will be interesting to preface our comparison of the silk manufactures foreign trade for the past ten years by looking at the figures for the year 1859. The values for those years were: exports, £1,662,152; imports, £2,763,349.

Now for the exports for the last ten years :

Export from the United Kingdom of Silk Manufactures.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
£2,034,028	£1,390,740	£1,423,174	£1,338,161	£1,530,657

Considering the valuable character of this industry in many points of view, considering also the growth in the use of silk in recent years, and the manful efforts lately put forth by the Silk Association of Great Britain and Ireland to recover some part of the old prosperity, these figures cannot be called gratifying. After a generation of 'progress' our silk exports are less in value than they were in 1859. Nor can it be contended that there has been any satisfactory expansion of the home market to compensate for the dulness of the export trade. This will be seen from the subjoined table of the raw material bought by our manufacturers :

Import into the United Kingdom of Raw and Thrown Silk.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
lb.	lb.	lb.	lb.	lb.
2,824,742	2,166,242	2,270,267	2,217,724	2,562,519

How the modern increased home-consumption has been supplied may be gathered from the following table :

Value of Import into the United Kingdom of Silk Manufactures.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
£11,424,968	£13,238,245	£16,698,872	£16,912,045	£16,623,241

Cottons.

The statistics of the quantities of cotton goods shipped from this country do not show actual decrease; the trade is subject to ups and downs, but of late years a general view indicates stationariness, and might therefore be taken as negatively satisfactory, were it not that the world's consumption of cotton goods has been the while expanding very widely, partly in consequence of cotton edging out other materials, partly in consequence of the spread of civilization in barbarian and savage countries, partly owing to the world's increase in population and wealth. In this expansion England is having but little share. There has been a spurt of late in England, but other countries have 'spurted' so very much higher that it is doubtful if the supply is not beginning to outrun the demand; for we hear from various quarters ominous reports of accumulating stocks, only partially relieved by sales at unremunerative prices. This determination of other nations to become cotton manufacturers will undoubtedly increase England's difficulty in maintaining her position in the future, and will assuredly prevent any further expansion worth the name. You have on one side the constantly increasing output from American cotton-mills; the United States started out to supply their home markets, and have achieved that purpose so well that they are now getting a surplus which will be thrown on the export market; a Consular report for 1898 points out that in the last eight years the number of spindles in the United

States has increased 33 per cent., and the consumption of cotton nearly 37 per cent., though the population had only increased about 18 per cent. Experience in other trades must convince us of the serious character of American competition in the world market when that nation sets about the work in earnest; and the serious character in the case of cotton goods is heightened by the circumstance that, unlike England, the United States have their raw materials at their own doors. On the other side of the world you have India, Japan, and now China, threatening with their cheap labour, joined to European capital and enterprise, the most serious competition.

And though the following statistics, comparing the average of the first four years of the decade with 1898, indicate a slight increase in the quantities of cotton goods exported, there is a substantial decline in values. This is accounted for partly by the decline in the price of the raw material, but I do not think that we have any grounds for assuming that the whole of the decline is thus covered. We hear, for example, of Manchester merchants who trade with India, trusting for their profits to the fluctuations in exchange. This sort of financial gamble should be stopped by the new currency arrangements; it is, in any case, a poor way of making industrial profits, and indicates a sad falling off from earlier and more prosperous days. I now give the decennial statistics, adding, beneath the table of values, a corresponding record of the price of the raw material:

EXPORT FROM THE UNITED KINGDOM OF COTTON MANUFACTURES.

Average, 1889-92.	Average, 1892-93.	1894.	1895.	1896.
		Piece Goods.		
1,000 yds.	1,000 yds.	1,000 yds.	1,000 yds.	1,000 yds.
4,977,945	4,999,047	5,218,249	4,792,269	5,216,491
		Value of Cotton Manufactures of all Kinds.		
£59,344,653	£55,477,836	£59,309,842	£54,043,633	£55,986,598
		Average Price per lb. of American Middling Cotton.		
$5\frac{6}{32}$d.	$4\frac{3}{32}$d.	$4\frac{11}{32}$d.	$3\frac{29}{32}$d.	$3\frac{19}{32}$d.

Meanwhile the import of cotton manufactures into this country is steadily increasing—surely a sinister feature. England's boasted function is to make cottons for the world; and she is losing her grip even on her own home market. The circumstance that the imports of foreign cotton manufactures are relatively very small compared with the exports of English cotton manufactures is made much of by certain apologists of Free-trade, but it does not detract from the significance of increasing imports. Below are the decennial figures:

Value of Import into the United Kingdom of Cotton Manufactures.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
£2,585,247	£2,825,545	£3,525,109	£3,953,590	£4,383,486

Linens.

The linen manufacturer might be tempted to regard any misfortunes which befall the cotton manufacturer as judgments on him for destroying the linen trade; for Cotton has largely progressed at the direct expense

of Linen. This is a misfortune, for whereas the value of cotton manufactures is diminished by the fact that the raw material has to be bought from abroad, in the case of linen the growth of the raw material is a home industry, and therefore the money paid by the flax-spinner for his raw material goes to enrich his own countrymen, and support his own country's rural industries. From the point of view of consumption, moreover, cotton cannot compare with linen. To arrive at a true appreciation of the decadence of the linen industry, one must go farther back than the past decade—to 1866, for example, when the export of linen piece goods reached a total of 255,632,385 yards, and compare that total with the poor 147,843,100 yards of 1898. In 1889 the *débâcle* had set in; for the total export of linen piece goods in that year was down to 180,630,200 yards; yet that was comparative prosperity. Here are the figures for the decade:

Export of Linen and Jute Yarn and Manufactures from the United Kingdom.

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
		Linen Yarn.		
lb. 14,894,450	lb. 16,281,667	lb. 18,462,300	lb. 18,365,900	lb. 17,376,000
		Jute Yarn.		
lb. 31,861,125	lb. 33,000,033	lb. 37,224,300	lb. 51,878,600	lb. 49,566,500
		Linen Piece Goods.		
yds. 173,857,550	yds. 172,725,633	yds. 174,208,000	yds. 164,583,400	yds. 147,843,100

Average, 1889-92.	Average, 1893-95.	1896.	1897.	1898.
		Jute Piece Goods.		
yds.	yds.	yds.	yds.	yds.
272,181,425	251,028,000	257,146,200	233,776,300	211,114,800
		Value of Total Linen Manufactures.		
£5,421,433	£4,876,941	£5,030,966	£4,770,706	£4,388,178
		Value of Total Jute Manufactures.		
£2,613,295	£2,189,717	£2,344,282	£2,167,109	£1,853,744

There is the same lesson to be learned from this table as from the others—namely, that the only progress is in the export of the half-raw material to foreign factories; while there is positive decline in the export of fully wrought fabrics.

In General.

I have now completed my brief tale of the sorry state into which our manufacturing supremacy is falling, judged by the foreign trade of the last ten years in our chief metal and textile industries. I might pursue the same comparisons through well-nigh every department of manufacturing industry, each branch showing more or less markedly the same decline, and repeating the same lesson; but let the above suffice. Only remember that the instances adduced above could be extended, with cumulative effect. The two great departments of our manufacturing trade which I have selected were not chosen because they afford more sensational figures than the rest; as a fact, they do not. Had I called your attention, for instance, to refined sugar, to certain branches of the chemical manufactures, to paper, or

to glass, I might have told a yet more ugly tale. I have directed your attention in detail exclusively to the iron and steel and textile industries because of their great worth and magnitude and their fundamental importance in England's industrial fabric. If these bases of the edifice are crumbling away, what shall be said of the stability of the whole building? Is it not, indeed, high time that the architects and the masons were called in to do what they can to repair the damage, and ensure stability for the future? And should not their instruction be to follow the lines of the old builders, who erected the strong and stately edifice of England's industrial greatness, and of the builders in foreign countries who are erecting magnificent industrial edifices for their nations, and to reject utterly the designs and material of the men in England who came later, and built falsely and fatally?

V

The Arguments of Professor Fawcett

What has the other side to say for itself? The Case for Protection should include an attempt at a categorical reply to the arguments against Protection. In essaying this task I will not copy the method of some among the Free-trade controversialists, who postulate in their own language what they declare to be the case of the Protectionists, and then proceed to demolish it, to their own satisfaction. It is an easier dialectical work thus to state in your own words the arguments of your opponents before traversing them; but it is not the fairest method, nor that which commends itself to an impartial student of your controversy. In order to avoid it, I will extract the case of the Free-traders by actual quotations from their own works, and will select for that purpose one of the ablest of the past champions of Free-trade and one of the ablest of living writers on the same side—to wit, the late Professor Fawcett and Professor Bastable. I do not think that there is any argument of consequence on their side which Fawcett's 'Free-trade and Protection' and Professor

Bastable's 'Theory of International Trade' do not contain between them.

Fawcett, in the fourth chapter of 'Free-trade and Protection,' states the Protectionist case (for purposes of demolition) under thirteen heads; in so doing he falls into the easy and bad method of controversy to which I have just referred, and fails to state the Protectionist position as clearly and adequately as could be desired. But I will not stay to grumble at him on that score; for he is in the main a moderate and fair-minded writer—a fact which will, I trust, justify to my readers my selection of his book, seeing that the arguments of an extravagant extremist on any side are ever the easiest to controvert, and the controverting work when done is the least valuable in an impartial view. I have referred to Fawcett's method of tabulation as an introduction to the method which I propose to follow in this chapter; but I will vary that method by heading my sections with chapter and verse quotations, and I will increase the number of points to twenty-seven.

1. The Assumed Benefits of Free-trade.

'It is admitted that England during the last thirty years has derived the most marked advantages from the adoption of a Free-trade policy.'*

Nothing of the sort is admitted by Protectionists, and that Fawcett should open his consideration of the merits of Free-trade by coolly assuming as a universally-admitted axiom what is a hotly-disputed assertion, and one of the very points it is his business to prove, goes far to vitiate his work. True, all Free-traders make the same assumption, which may explain Fawcett's begging of the question; but it does not justify it. By all means let Free-traders contend, and try to demonstrate, that England has reaped marked advantages from her policy of free imports; they must not assume it as a self-evident truth, and one which even their adversaries admit. We still await the proofs. That the country's manufacturing and commercial industries received, during the middle years of the nineteenth century, marked advantages from some causes is admitted readily enough; but it is a far cry from that admission to the assumption that those advantages proceed from a policy of free imports.

It is worth noting, however, that Fawcett does not go the length of many of his brother Free-trade enthusiasts, and assert that England's industrial prosperity was the result of the Cobdenite triumph; he carefully confines himself to the milder statement that 'marked advantages' followed Free-trade, and

* 'Free-trade and Protection,' p. 1.

(p. 12) he enumerates factors in England's prosperity which have nothing to do with free imports. Thus: 'A moment's consideration will show that other causes have been in operation besides Free-trade to promote this wonderful growth of prosperity. Amongst others that might be enumerated, it is sufficient here to mention that about the same time that Protection was abolished our railway system was developed, steam was more largely used as a motive power in almost every branch of industry, and the discovery of gold in Australia gave a powerful stimulus to emigration.' He had prefaced these sentences by a statement on the previous page that 'we in England are much too prone to overstate the results of Free-trade.' That is the position of the Protectionist, only he carries it farther. He contends that, whereas it has not been, and cannot be, specifically shown that free imports have done anything at all to enhance England's industrial prosperity, it is patent to everyone that England's long start in the industrial revolution of the last century, her stores of coal and iron, her great aggregation of capital and the enterprise of her capitalists, the sturdy qualifications and skill of her workers, the building up of her maritime supremacy largely by the Navigation Act, and of her export trade by the Mercantile System, and, in a later generation, her covering of the country by a network of railways ere the rest of the world had awakened to the benefits of the system—that these and other like causes have undoubtedly contributed to the building up of England's industrial greatness. The policy of free imports had no influence one way or the other,

save on agriculture (a very big exception), while the industrialism of foreign nations was as yet undeveloped. But evil results are becoming actively in evidence now that eager foreign competitors are contesting the markets with England.

The present is a convenient place for calling attention to a curious statement by Fawcett on p. 47 of his work. He says: 'Amongst these causes' [of England's industrial development] 'a prominent position is undoubtedly to be assigned to the freeing of the commerce of the country from the fiscal restrictions by which it had before been impeded.' From the context it appears that Fawcett has here in mind the simplification of the English Customs Tariff. But surely any good thus wrought must be of an infinitesimal character. Such removal of restrictions can only injure the English manufacturer for the home market by opening the door wider for the admission of competing products from abroad. But apparently Fawcett is referring to the exterior commerce of the export trade. In that case, however, it is equally difficult to see how the English exporter is advantaged by the freeing of imports into England; if the ports to which he sends his goods had been freed, then we could understand that the commerce of England would have got some benefit out of the removal of fiscal restrictions.

2. The Sugar Question.

'It would certainly seem that we should be the last to complain if the French are willing thus to tax themselves for our benefit.'*

Fawcett is here referring to the system of export bounties on sugar and England's free admission of the bounty-fed article. Again we find the characteristic, and I will not say disingenuous, but apparently disingenuous, begging of the question. Is the European Sugar Bounty for our benefit? Is it for our benefit that the old-time staple British sugar-refining industry should have been done to death by the commercially unfair and irresistible export bounty of European States? Is it for the Empire's benefit that by the same means our old, loyal, at one time prosperous, West Indian colonies should have been brought to poverty, ruin, and the verge of rebellion? Will it in the long-run be for the benefit even of the Englishman as Consumer, in contradistinction to the Englishman as Producer, that the naturally cheaper article should be pushed out of the market by the momentary cheapness of the naturally dearer article, which will become actually dearer when it has driven the competition of the other underground? Is it for our benefit that this deadly blight should be allowed to rest on West Indian sugar, preventing the application of capital and the inventive labour which capital could supply, whereby improved and cheapening processes could be introduced into the industry?

The Free-trader is inconsistent in thus chuckling

* 'Free-trade and Protection,' p. 26.

over the operation of the bounty system. It is a cardinal article of his creed that, in matters of international trade, the interests of all countries are identical; that the best policy for one country is therefore the best policy for all; and that what injures one country is detrimental to the prosperity of all. Now, the Free-trader holds in horror the giving of bounties, and claims they are most injurious to the nation whose Government gives them. They must, therefore, according to the Free-trade formula, reflect injury on other countries; and European sugar bounties, by injuring European trade, must injure English. In greater inconsistency hath no school of economists involved itself. Moreover, even Free-trade English Governments are continually expressing their anxiety that Continental States should abolish their sugar bounties.

3. Natural Protection.

'It is evident that the home trader, independently of any aid that he may derive from protective duties, must always in his own market enjoy an advantage which may be regarded as conferring upon him a kind of natural protection, because the cost of carriage is necessarily a more important factor in the price of foreign than of home produce.'*

'. . . the erroneous assumption that the cost of exporting produce is paid by the exporting country.'†

There is a very pretty contradiction in these two passages, which I will leave to Free-traders to reconcile. If the cost of transport of foreign produce affords the home producer protection against the

* 'Free-trade and Protection,' p. 30. † *Ibid.*, p. 86.

foreign competitor, it can only obviously be because the foreigner cannot add the cost of carriage to the price of his commodity: he would, did he try to do so, be undersold by the home producer; he has to pay the cost of carriage himself. The Free-trader who contends that this simple fact is an 'erroneous assumption' tries to justify his case by assuming that the home producer puts on to the normal price of the home product the cost of carrying the foreign product, and so obligingly relieves the foreigner of the burden of the freight charge. This may be plausible, but on examination it shows as absurd. Is it really seriously contended that the home producer, who before the days of foreign competition charged a certain price for his product, promptly, on the advent of that competition, raises his price by the sum which the foreigner had to pay for the transport from the foreign country to the home market? Yet that is what the argument implies. If any home producer tried such a dodge, the competition of the other home producers would very soon convince him of its futility, and destroy his trade if he persisted in it. The foreigner only sends his produce to the English market when one of two conditions operates: either, owing to natural or artificial causes, production in his country is so much cheaper that he can pay the cost of its transport to England, and still afford to undersell the English producer; or, by producing on a very big scale, and having a home market at profitable prices secured to him, he can afford to sell the surplus at so low a price that even the addition of the cost of freight to England cannot deter him from the enterprise.

This throws us back on the 'Natural Protection' argument. Now, when Cobden used the argument there was weight in it; we were then only at the beginning of the great revolution in transport, and Cobden could be excused for not foreseeing its effect in commerce, and its destructive effect on his argument. But Fawcett, at the end of the Seventies, when he wrote the above-quoted words, should have known better. The progressive cheapening of freight charges had by that time reached a point which would have convinced him, had he examined the facts, that the cost of transmitting produce overseas was become so slight as to be ridiculously inadequate as a protection to the English producer against his foreign competitors. And to-day we hear of wheat being brought to England from America practically as ballast; of cheeses from New York to London paying actually less freight than cheeses from Cheshire to London; of hay coming cheaper from Ottawa to London than from Yorkshire; of market-garden produce dumped on Covent Garden from Belgium by State-subsidized steamships at practically nominal charges. The modern development of the merchant steamship service has effectually wiped out the 'Natural Protection' argument.

4. The Landlord Bogie.

'The extra price which was secured for agricultural produce was appropriated by the land-owners in the form of higher rents.'*

In the passage from which this sentence is cited, as elsewhere in his volume, Fawcett elaborates the stock criticism on Protection, that its benefits accrue, not to the working or even the capitalist class, but always and ultimately to the owners of the soil. In the passage cited he is taking a brief historical retrospect of English agriculture in the years immediately preceding Corn Law Repeal, and in the above statement of the economic effect of the high prices for grain which ruled in those years he strives to make out a case against the general utility of Protection. Next to the cheap-goods argument, there is none so popular with Free-trade controversialists, and none which tells so readily, as this argument that the landlord reaps all the benefit of Protection. It was the persistency with which it was used in the Corn Law Repeal agitation that won the country, including a section of the farmers, to acceptance of the League's doctrines. 'This fact,' as Fawcett calls it, 'powerfully contributed to the success of the Free-trade agitation in England.'† The admission by a Free-trader that his cause triumphed owing to the clever insistence on such a plea is anything but a tribute to the justice of the cause.

In the first place, Fawcett himself admits that the

* 'Free-trade and Protection,' p. 35. † *Ibid.*, p. 37.

high agricultural rents only bore harshly on the farmers in the bad seasons; that is to say, they were fixed in too rigid a fashion—a matter relating to the arrangements between landlord and tenants, but entirely unrelated to the question of Protection. Free-trade did not, and cannot, solve the difficulty or remove the hardship a little bit.

In the second place, even if we grant that the landlords in those days did take to themselves an undue proportion of agricultural profits, it is hardly to be admitted that they were such fools as to exact more rent than the land could bear, and to kill the goose which laid their golden eggs by driving the land out of cultivation. Other classes of the community obviously, therefore, did reap benefit out of the Protection afforded by the Corn Laws, because the land was kept in cultivation, and so provided various classes of the population with a living; whereas the abolition of Protection to agriculture has let it go out of cultivation.

Thirdly, if landlords against their best interests, should, under Protection, persist in sucking all its benefits into their own pockets, it is always competent, and by no means impracticable, for the State to set the matter right by the institution of a Land Court.

Fourthly, how can any man who goes by observation, instead of *a priori* theory, contend that the benefits of Protection to manufacturers will be swallowed up by the landlords? A very small plot of land suffices for the conduct of a very big factory, and the amount of available land, even in little England, is never likely to be so restricted that a

landlord could insist on extortionate rents for the plots which manufacturers need. If landlords would adopt this course under Protection, they would adopt it also now, under Free-trade, and take the last penny of profit from the manufacturer. That they do not, and cannot, is proved by the fact that under Free-trade manufacturers have made profits, and even large fortunes.

5. The Last Flicker in Agriculture.

'During the thirty years since 1845 agriculture has had no Protection; and although there has been times when unpropitious seasons caused losses to farmers, yet on no single occasion has the general condition of agriculture been such as to call for a Parliamentary inquiry.'*

Thus Fawcett in 1878. In 1879 a Royal Commission was appointed to investigate the serious depression in agriculture. Since then agricultural matters have gone from bad to worse, and in 1894 another Royal Commission was appointed to inquire into the distressful condition of what is still the principal industry, and to seek for remedies.

'Tis important thus to lay stress on the lack of prescience of eminent Free-trade controversialists. They essay to teach practical business men their business, and guide the State in the paths of commercial prosperity; yet their practical acquaintance with industrial facts and problems is often so slight that, as in the instance under review, they can, in responsible lectures to University students, and in

* 'Free-trade and Protection,' p. 42.

subsequent republications of those lectures, talk dogmatically of the developments of an industry, when they are in complete ignorance of that industry's clamant condition. They will not descend from their studies to the field and the market-place and see with their own eyes what is actually happening. They sit in their seclusion, weaving webs of theory, and then insist that such-and-such is the fact because according to their theories, such-and-such ought to be the fact. Naturally this amazing indiscretion of method—this topsy-turvydom of reasoning—often leads them into gross blunders, such as that I have scheduled above. A very little investigation—the most ordinary observation—would have told Fawcett that the general condition of agriculture was rapidly becoming such as to call for inquiry, but the method of his school prompted him to reject investigation and observation as useless labour.

We need not in this particular instance, however, be too hard on the Professor. He may have observed—very superficially—the condition of agriculture a few years previously. Then it is an undoubted fact that the industry was enjoying comparatively good times, in spite of the withdrawal of Protection. The area under wheat was less than it had been, though not so greatly less as to prompt the assertion that the land was going out of cultivation; the population was considerably more—was, indeed, advancing with special swiftness; manufacturing prosperity, not yet badly hit by nascent foreign competition, provided plenty of employment at good wages—a favourable factor in the prosperity of the home market for English

agricultural produce; the vast wheat-lands of Western North America and Argentina were as yet for the most part virgin of the plough; the increase in England's population had temporarily overtaken the readiness of foreign wheat-growers to compete for its consumption. All the conditions were favourable for the mitigation of the Free-trade curse, for a last temporary flicker of prosperity to the agriculture of this island. But a University Professor of Political Economy, a Member of Parliament to boot, and therefore presumably somewhat in touch with the world's economic movements, should have avoided falling into the grievous error of mistaking this temporary flicker for a renewal of permanent prosperity. One loses confidence in a guide who stumbles egregiously.

6. The Distress under Protection Argument.

'Depressed as was the condition of agriculture during the continuance of the Corn Laws, the general trade of the country was, if possible, in a more unsatisfactory position. . . . When the general industrial condition of a country becomes as unsatisfactory as was that of England at the period just referred to, Protection is just as powerless to prevent this depression spreading to any particular trade, as it is to secure in more prosperous times an exceptional amount of prosperity for the particular industries which may be protected.'*

Fawcett in these pages is quoting Miss Martineau's 'History of the Peace' to show the distressful state of the country in the years immediately preceding Corn Law Repeal. But, granted the literary accuracy

* 'Free-trade and Protection,' pp. 42-44.

and the due regard for proportion in Miss Martineau's description of those years of depressed trade and of the poverty which they engendered, upon which Free-traders rely so much for their declamatory arguments, what does the picture prove? Simply that Protection cannot in all places, at all times, and in all circumstances, by itself completely ward off industrial depression and consequent loss and poverty. Nothing more. And as it is never claimed for Protection that it can perform this miracle, as Protection is only regarded by Protectionists as one of the things needful to ensure general industrial prosperity —and not, as Free-traders claim for Free-trade, as the one thing needful—the argument from Miss Martineau and the Forties is really beside the mark. It is a bad argument to use, because, as every economist knows, industrial crises and consequent evil times will come in spite of all State and individual efforts, and that to use one of these evil periods for the purpose of pointing it out to the unthinking as the result of Protection or of any other remediable cause is unscientific and not particularly honest. It is not to the credit of Free-trade that it was won by this method. When one of these industrial epidemics afflicts England now, none are so ready as Free-traders to shriek that Free-trade is not responsible, that the causes are beyond control.

Fawcett does not attempt to show that the blow of the depression in the early Forties was inflicted by Protection, or that it would have been any less severe had our ports been thrown open to foreign merchandise; and he was wise to refrain; for free ports to

foreign goods would have rendered the sale of the English yet more scanty, and so have made the problem of unemployment yet more acute.

For the chief causes of the depression in the early Forties, I will refer my readers to the account, in an earlier chapter, of the rise of the Free-trade movement.

7. The Failure of Protection to protect.

'If the price of woollen goods were increased by imposing protective import duties, it would be impossible for the woollen manufacturers to appropriate the advantages to themselves. . . . The competition of the general labour market renders it impossible for the labourers who are employed in the industries that are protected to obtain higher wages than those who are employed in the industries which are not protected.'*

Here, again, in more than one aspect we see the characteristically mechanical mind of the Free-trade champion, and its equally characteristic remoteness from common experience. Fawcett assumes that the remuneration of capital and labour is practically the same in all industries. The observation of any schoolboy is sufficient to see that there is no such uniformity, particularly in the remuneration of labour. But for the easier working-out of the particular theory under review this uniformity is desired, and so, *more suo*, it is assumed to exist. Likewise, it makes easier the way of the Free-trader to assume perfect mobility of capital and labour; so straightway such mobility

* 'Free-trade and Protection,' p. 44.

is treated as an existing fact; though a moment's observation of the actual course of industry will show anyone that rigidity, or at best painfully slow motion, is the normal feature of both capital and labour. Can the landlord or farmer who has put capital into a farm take it out at a month's notice, and reinvest it in a cycle manufactory, just when he sees a depression in the one and a boom in the other? Can the sugar-refiner transfer his plant to a coal-pit, when he finds the former business ruined by German competition, and the latter still a prospering trade? Is the watchmaker ready, at a week's notice, when competition in his trade becomes too keen, to lay down his delicate tools, shoulder a sledge-hammer, and betake himself to a forge? Would he be ready to do so, even though by some chance the wages of blacksmiths suddenly rose to a much higher scale than that of watchmakers?

But passing from this vicious method of stating the case against Protection, it is enough, in order to demonstrate the futility of the argument, to point out that there is no question of protecting only one or even two or three industries; and the fancied migration of capital and labour into the one or two protected industries, with consequent pulling down of wages and profits, is a useless hypothesis to introduce into a discussion on Protection. It may amuse a Free-trader to stick up his own dialectical ninepins, and display his facile skill in knocking them down; but he is not demolishing the Protectionist case in the process. The very last thing which the Protectionist wishes is to encourage one or two industries

abnormally: his root theory is based on the desirability of a diversified industry; it is your Free-trader who would encourage the cramping of the country's energies within one or two channels.

Yet, even supposing that Protection should be accorded to a few industries only, and that there was in consequence such a rush on those industries from the other occupations of the country that competition reduced wages and profits to the normal unprotected level, the unprotected remainder would—apart from their own foreign competition troubles—have certain cause for satisfaction; being less crowded, and the demand remaining the same, while the supply was more restricted, they would get better prices than before; and the net result would be a general levelling-up throughout the national industry.

8. The Gospel of Cosmopolitanism.

'Exchange of produce between Kent and Normandy is prompted by just the same motives, and conduces to just the same ends, as exchange of produce between Kent and Northumberland.'*

The specious argument that if you do not set up tariff barriers between county and county, it is equally unreasonable to set them up between country and country, occupies a foremost place in the Cobdenite dialectic; but its appeal is mainly addressed to those curious patriots who love every country better than their own, and elect cosmopolitanism as their pose. It was a favourite pose in the days of Cobden, and

* 'Free-trade and Protection,' p. 53.

may doubtless be traced, in part, to a swing back of the pendulum after the patriotic war-time then recently closed. It is now less the fashion. We are now, for the most part, proud of our country, and conscious that we are a distinct people, with our own needs and our own destiny, and that many of our needs are like to lack satisfaction, and our destiny to be but a sorry one, unless we translate our consciousness of individual nationality into vigorous and consistent action. We do not wish to devastate the other nations, but we do not profess to entertain for their welfare that solicitude which we have for our own.

Solicitude for the welfare of others works in degrees of relationship. There are first a man's wife and children; then the more distant claims of consanguinity; then friends in order of friendship; then fellow-countrymen; and according to the degree, so is the sacrifice which the individual is prepared to make for the welfare of others. And just as such sacrifices are not entirely unselfish in their operation, but react in benefit to the maker of the sacrifice, so by promoting, by means of Free-trade within the national borders and protective duties on the borders, the national industrial welfare, each individual citizen benefits for any possible sacrifices which the system may entail upon him. Or, regarding the nation as a unit—and it is idle at this time of day to pretend that nations are not distinct units—the safeguarding of the individual nation's trade is as justifiable a proceeding as the individual man's safeguarding of his own solvency. There are some nations whose standard of life and general economic conditions are on a lower

plane than our own. Their wages are very much lower; but as all other forms of remuneration are on a similar scale, with the prices of commodities to match, the matter to them is not of much moment. But it is of great moment to another nation having a different scale of payment, when the small-payment nations come into a high-rate nation to sell their goods; they are bound to undersell the producers in the high-rate nation, and in so doing to cause really felt poverty in that nation. A tariff fixed on the national borders is therefore very necessary. Apart from this, the reasons for fixing the tariff at the national boundary are political rather than strictly economic. As a matter of fact to talk of import duties within national borders is not such a *reductio ad absurdum* of the tariff as Free-traders imagine. There is not the slightest reason why a county should not, if it so pleased, raise some of its local taxation by a toll on merchandise entering it from other counties, any more than there is any objection to a municipal market levying tolls on those who come to sell their goods in that market. The principle of internecine protection already obtains within the British Empire. All the provinces of the Empire form one nation, yet they have import duties against one another and the Mother-Country; and if they have a preferential scale, as between inter- and extra-imperial trade, there is nothing objectionable in the permanency of the arrangement.

9. The Blessing of Foreign Prosperity.

'In no single respect does the economic gain which is admitted to result from the free interchange of commodities between different parts of the same country become in the smallest extent diminished if the districts between which the exchange takes place cease to belong to the same nationality.'*

Here Fawcett further pursues his cosmopolitan gospel. His point (he is arguing from the state of Alsace-Lorraine French and Alsace-Lorraine German) is that economics know no difference of flag. This depends upon the limitations of political economy. If political economy concerns itself simply and solely with the output of material wealth, and not at all with the use of wealth and the people who are to use it, then something may be said for Fawcett's position —if we further grant that political economy is to be a guide to political conduct. If, on the other hand, we hold that political economy comprehends, and can only be of use as a political guide in so far as it does comprehend, the doctrine expressed by an American writer† in the statement that 'nations are associations designed to obtain and realize all the advantages which united power and wisdom can secure for a people,' then Fawcett's doctrine entirely fails of acceptance. It is to the advantage of a nation to secure to itself the prosperity of industry and certain forms of industry within its borders, not outside

* 'Free-trade and Protection,' p. 58.

† Colwell, in Preliminary Essay to American edition of List's 'National System,' p. lxviii.

them; and there is no more reason why we should stimulate the prosperity of other nations by making arrangements for the free disposal of their merchandise in our markets than there is for our contributing to the cost of their education; and even Free-traders, I apprehend, would not propose that we should pay for the education of foreigners, in order that they may become more prosperous. Up to a point we need have no objection to the prosperity of other nations, particularly in so far as their prosperity results in larger purchases of our surplus products; but that point is passed when the prosperity is generated by the seizure of our markets. 'Tis the same with nations as with individuals. No one, in a general way, objects to the prosperity of his neighbours. If you have something to sell them, and they buy more of it in proportion to their ability, their prosperity is a source of profit to you. But when they have waxed prosperous by seizing the good berths which you might have held and the trade which you might have done, jealousy of their prosperity is excusable, and you are bound in duty to yourself to take any available and honest measure for getting these means of prosperity into your own hands.

10. Retaliation and Reciprocity.

'It therefore appears that it is impossible for us to retaliate upon America for the injury which she inflicts upon us by her protective tariff, because we cannot punish her without at the same time punishing ourselves to a far more serious extent.'*

Although Fawcett devotes a whole chapter to 'Free-trade and Reciprocity,' he leaves Reciprocity entirely out of the discussion: he confines himself to Retaliation only. This is not only unfair: it destroys the value of his arguments.

As Lord Salisbury has complained—as everyone must admit—England has thrown away her weapons; she cannot get good terms in the markets of foreign countries by going to the Governments of those countries and saying, Take off some of your heavy duties on our manufactures, or we will heavily penalize the merchandise you most want to sell us. (She cannot, that is, so long as she maintains her present policy of free imports at any cost.) Fawcett leaves out of account this important side of the matter, and treats the question of retaliatory tariffs as merely and entirely one of revenge—of inflicting punishment on others for injuries they do us. The Retaliation and Reciprocity theory does include this; but equally important is the other aspect; and it is particularly wrong for a Free-trader to ignore this aspect. When a nation penalizes or threatens to penalize imports from nations which are excluding its

* 'Free-trade and Protection,' p. 67.

imports by prohibitive tariffs, it is taking the only effective means (save war) of getting those prohibitive tariffs reduced—that is to say, of promoting Free-trade. And nothing could show forth more clearly the unpractical, mechanical theorizing of your Free-trader than this objection of his to aid real freedom of trade by the pursuit of such a tariff policy as will conduce to the moderation of other nations' import duties.

But waiving this most important matter, and returning to the specific charge made by Fawcett against the doctrine of Retaliation—is he justified in asserting that we cannot inflict retaliation on other States for their high tariffs without in the process suffering more ourselves? Seeing that retaliation, intelligently directed, can be made in most cases to lead to a reduction of duties in the market whither we would trade, it would be no such great matter even if the process did inflict temporary loss on the retaliating nation; but need there be any loss, or at least any loss which is not offset by corresponding gain? Fawcett, most unfairly, selects as his concrete instance of the Retaliation theory at work, the hypothetical case of England retaliating on the United States duties on our manufactures by a penalizing duty on raw cotton from the United States. It is easy to demonstrate that, in default of any other important source of supply of raw cotton, England would hurt her own cotton industry by such a course. But no sensible statesman would propose to put the retaliating duty on American raw cotton. True, Fawcett afterwards considers food and similar pro-

ducts as likely subjects of the duty; but here the objections applicable to raw cotton duties do not apply. If you penalize United States wheat and dairy products, this is what will happen: other foreign countries will get some of the wheat-trade hitherto done by the Yankees; our Colonies (whose trade we wish to encourage) will also be benefited; our home rural industries will receive a sorely needed fillip. At first prices might rise in England; but against that you have to set the increased production and consequent prosperity of the country. If the act of retaliation brought United States duties down, English manufacturers for the American market would benefit; if it failed, there would still not improbably be a net gain to the country through the development of those home industries which were subject to the competition of the American penalized industries.

In another part of his work (p. 161) Fawcett tries to throw discredit on retaliatory duties by alleging the impracticability of their operation. He hypothesises a duty on French silks, and says: 'Nothing would be more easy than for the French manufacturer to send his silks, in the first place, to another country, prior to their exportation to England, and thus secure their entrance into the English market duty-free.' It is difficult to treat this sort of argument seriously. Can Fawcett really have thought that the resources of the English State were so slender that no means could be taken to secure identification of origin, and so defeat such a plan by making it ineffective as well as troublesome to the French exporter?

11. Optimism and Facts.

'England has little to fear from Belgium in those foreign markets [for iron] to which they have equal access.'*

I cull this excerpt by the way, as an instance of the optimism without knowledge which figures for so much in Fawcett's work. Perhaps, to be quite moderate in my criticism, I should say without prophetic knowledge, for Belgium's share of the Indian iron and steel trades was small enough to escape anxious notice in 1878, when Fawcett wrote. In the light of later figures it is but too apparent that England has much to fear from Belgian competition in this market. The appended diagram, comparing the exports of iron and steel from England and Belgium respectively to India for each year between 1883-84 and 1896-97 will serve to demonstrate this.

In the first year of this period we sent 3,473,619 cwt. of iron to India, in the last year only 2,420,763 cwt.; Belgium in the first year sent 86,657 cwt., in the last year 1,295,585 cwt. Of steel we sent in the first year 240,149 cwt., in the last year 713,914 cwt.; Belgium sent in the first year 10,981 cwt., in the last year 806,815 cwt. Should any opponents of the Shipping Ring, amongst whom I count myself, contend that though, in respect to import duties, England has equal access to the Indian market with Belgium, yet, in respect to freight, she labours under

* 'Free-trade and Protection,' p. 68.

disadvantage, on account of the preferential rates granted to Belgian traffic, I am willing to admit that doubtless the operations of the Shipping Ring were—they have been (wholly or in part) remedied now—injurious to Britain and favourable to Belgium; but it would be idle to contend that they accounted for anything like the whole of this wonderful rise in Belgian at the expense of British trade. Moreover, the evil effects of the Shipping Ring's patronage of the Belgian would have been at least much mitigated had an Imperial Customs Union protected the British against the Belgian manufacturer.

12. An Apology for Foreign Competition.

'As some of these (implements), for example American sewing-machines, are not made in England, they cannot be considered to compete with the English trade.'*

The apologist for the principle of leaving foreign trade competition alone must indeed be hard put to it when he is reduced to such arguments as this, and I quote it as an example of the poverty of the Free-trade controversial land. The fact that sewing-machines are not—or rather were not when Fawcett wrote—made in England, a country with every facility for making sewing-machines—'territorially adapted,' to quote the phrase—is not an argument why they should not be made in England. It is, on the contrary, a most excellent argument in favour of

* 'Free-trade and Protection,' p. 69.

stimulating the industry into life by offering to protect English-made sewing-machines against American competition. It is the business of the State to find out what industries, whether *in esse* or *in posse*, are confronted with foreign competition and in need of Protection. It is by State fostering of embryonic industries that the foreign industrialism of to-day has been built up in other countries. By no means have other States waited for an industry to establish itself before aiding its development; the pursuit of that policy would often have meant that the industry would never have got the chance to establish itself. All the State has to guard against is a futile endeavour to foster an industry which is radically unsuited to the country.

13. The Alleged Demoralizing Influence of Protection.

'There is nothing more calculated to exercise a deteriorating influence upon the country than to encourage its industrial classes to be perpetually looking to the State for assistance.'*

This is the sort of argument that ought to be a strong weapon, for the charge implied in it is a very serious one; but it is also the sort of argument which needs much backing in the way of facts; else it is mere wild abuse. Now, neither Fawcett, in the passage from which I am quoting, nor in any other part of his book, nor any other Free-trade work with which I am acquainted, has ever provided this necessary backing of facts. When Free-traders use this

* 'Free-trade and Protection,' p. 80.

argument they make a serious charge against the doctrine of their opponents which is peculiarly susceptible of being fortified by facts, if it is true; but the illustrative facts are never forthcoming, and we are therefore justified, not only in passing by the argument as untrue, but in strongly animadverting on so intellectually dishonest a line of reasoning. But not only does this argument fall to the ground because of its failure to receive the support of necessary facts; it can be demolished in positive fashion by anyone who will trouble to look around him, and regard the progress made by Protectionist nations. Look across the Atlantic. Is there any sign of paralysis in enterprise to be found in that most highly Protectionist of countries, the United States? In Canada, too, we see industry after industry rising from nothing, and becoming big and prosperous owing to the stimulating character which State aid exerts upon the productive energies of the people. Look closer home, at Germany. The marvellous progress which that country has made in recent years has passed into a proverb. Not the most hide-bound Free-trader denies it; but he attempts to account for it, and in the attempt destroys the argument on his own side which we are now considering. In making his explanation he is oppressed with the fact that Germany is a Protectionist country, and so he flies eagerly to the other ingredients in German success in order to show that Protection is not the cause of that success. Let me quote again from *The Spectator*:* 'Now we begin

* *The Spectator*, August 27, 1898.

to understand the reason of the German advance. It is not Protectionism; it is character, method, intelligence, which have won this great victory under physical conditions less favourable than those existing in France or England.' So does the Free-trader destroy his case. Germany has developed in marked degree and to her exceeding great advantage, character, method, and intelligence—under Protection. England, as the Free-traders themselves are loudest in asserting, has not these qualities, or has them in poor measure, though her sons are nurtured in the invigorating air of Free-trade. If the argument as to the 'deteriorating influence' of a fiscal policy is to be used in this discussion, it is surely the Protectionist who has a better right to denounce the deteriorating influence on the character of the people which is caused by Free-trade. He can fortify his charge with weighty and current illustrations as well as arguments.

In a similar vein to that which prompted the passage dealt with in this section, Fawcett (p. 88) contends that, 'The tendency of Protection must necessarily be to deprive the population of the country in which it is maintained of the advantages arising from any improvement in productive industry which may be introduced in other countries.' Again we have the theorist's 'must necessarily be'—no proof at all that it is. If Fawcett, instead of appealing to the axiomatic and innate necessity of his theories being right, had given us examples of mechanical improvements in England which were barred to consumers in the United States by the fact

of protective duties at American ports, he might have convinced impartial students of the truth of his proposition. The fact, it is hardly necessary to point out, is that, so far from Free-trade England producing mechanical improvements which Protection forbids America reaping the benefit of, Protection in America has so stimulated industry, and therefore mechanical invention, that we have come as a matter of course to look across the Atlantic for the latest mechanical improvement in almost any industry to which the inhabitants of the United States set their hands.

14. The Increased Price Fallacy.

'The protective duty imposes a tax on the French consumers of salt of at least £750,000 a year beyond the amount which the duty on salt yields to the French Revenue.'*

I make an excerpt from this section of Fawcett's work, because it is here that he allows the theory of the tax on the consumer to run most extravagant riot. He is discussing the cost to a nation of encouraging home industries by Protection, and instances the case of France's efforts to encourage a home supply of salt by making the import duty 33 per cent. higher than the excise duty on the home manufacture. By this means, he contends, French salt is made a halfpenny a pound dearer. Now, in the particular instance under citation, it may or may not be the actual fact that the whole of the duty was felt by the French consumers in an equivalent increase in the price.

* 'Free-trade and Protection,' p. 83.

Other instances might be cited where Protection has so stimulated home production that cheapened methods of production have been discovered and applied, with the result that competition or the business-like desire for a big market have brought down prices to a lower level than would have ruled had the home production not been so stimulated.

But what does it matter, even if one effect of Protection is to raise prices all round? As List has well said, 'The loss occasioned by protective duties consists, after all, only in values; while the country thus acquires a power by which it is enabled to produce a great mass of values.'* There is more wealth in the country; profits and wages are on a money scale higher correspondingly with that of the prices. The consumers in the country therefore do not suffer, they do not really pay more for their commodities; the only sufferers are the foreigners, who are barred from selling their goods in the country because a well-nurtured home industry has them at a disadvantage.

In one respect the consumer has a distinct advantage. There are certain imports which would not be protected; namely, commodities which cannot be produced at home. These are not made any dearer by the tariff on other imports; but as the ultimate effect of the tariff on those other imports is to put more money in the consumer's hands, he is consequently enabled to purchase a larger quantity of those desirable imports than if there were lack of

* 'National System of Political Economy,' American edition, p. 80.

Protection and a consequent lower scale of wages and profits.

15. Concerning the Mutual Blessings of International Trade.

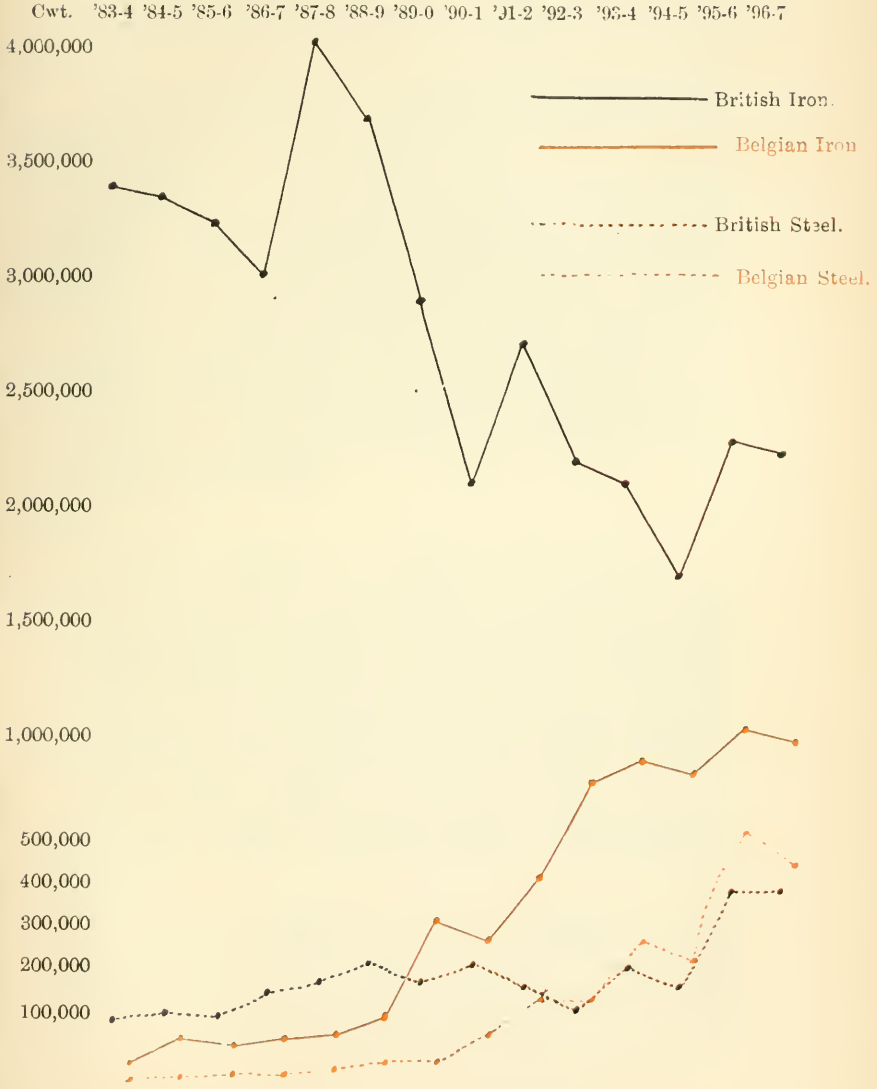
'Nothing is more certain than that if America purchased goods more largely from England, the English people would in their turn increase their purchases of American products.'*

Here Fawcett is obviously labouring in the meshes of his Theory of International Trade—the theory that imports and exports must automatically correspond, and that you have only to go on buying from your neighbour anything that he offers to sell you in order to secure the wherewithal to pay for your purchases. The certainty concerning the Anglo-American trade which Fawcett here postulates is somewhat blown upon by the facts. These may, perhaps, be most conveniently gathered from the appended chart showing the course of the United States export to England, and English exports to the United States respectively during recent years.

A glance at this diagram shows two circumstances, both damning to Fawcett's thesis: (1) That there is absolutely no correspondence in amount between our exports to the United States and the United States exports to us, these latter being in 1897 between five and six times as great as our exports; (2) that the exports of the two countries bear no manner of ratio one to the other, but pursue obviously

* 'Free-trade and Protection,' p. 90.

Chart showing Exports of Iron and Steel from Britain and Belgium to India.



independent curves of upward and downward movement.

But it is only right to add that, later on in this section (p. 91), Fawcett retrieves his reputation for knowledge of facts, though at the expense of his reputation for consistency. There he says, 'They [the English people] would not deprive themselves of bread because America had increased her import duties.' He means that any stopping of English exports by prohibitive duties in the United States would not affect the purchases made by England of United States produce—a statement amply borne out by the facts, but absolutely destructive of his dogmatic assertion concerning the necessary mutuality of trade between two nations.

16. An Objection to Excess of Exports.

'A commerce which consisted in exporting useful products in exchange for money, instead of being peculiarly beneficial, would really be specially disastrous to a country; for produce would be sent abroad which might be used in furnishing the people with the necessaries and enjoyments of life; and in exchange for the real and tangible advantages which were thus parted with, nothing would be secured but an increased supply of money, with a consequent depreciation in its value, producing a rise in general prices.'*

'Twould be difficult to find an argument which looks more plausible on the surface, and breaks down more utterly on examination, than this one. Why

* 'Free-trade and Protection,' pp. 91, 92.

are products exported? From one of two causes: either the productive power of the country puts forth more commodities than are needed for home consumption; or, through lack of money in the country—meaning very low prices if there is to be any sale—and the possibility of higher prices in some other country, there is no effective demand, though there may be a need, for these products at home. But the surest way of remedying this latter factor is to have plenty of money in the country, and that is obtainable by exporting goods and receiving money in exchange. The presence of a large quantity of money in the country may, as Fawcett complains, result in a 'depreciation in its value, producing a rise in general prices.' But that is not matter for complaint. When the producer can get higher prices for his 'useful products' at home he will sell them at home, and so they will be used 'in furnishing the people with the necessaries and enjoyments of life;' the higher the prices he can command at home, the less will he be tempted to send them abroad, for the greater the likelihood that he will not find such good prices ruling there, and therefore the 'useful products' which are wanted at home will be consumed at home, and only the surplus commodities will be sent abroad. It is only lack of money which prevents the good things that are wanted being kept in the country, and the supply of money can only be obtained by selling surplus goods abroad in exchange for money, instead of always in exchange for imports.

That the system which Fawcett denounces would have the effect of keeping in the country those 'useful

products' about which he is so solicitous he himself (with curious but characteristic inconsistency) admits, when (on p. 92) he contends that 'the rise in general prices which it has been shown would occur in America if she were chiefly paid for her exports with money and not with produce, would obviously tend to diminish the amount of her exports and to increase her imports.' Exactly: it would enable her to keep the needed products for 'furnishing the American people with the necessaries and enjoyments of life.' As matter of fact, the United States are largely paid for their exports in money instead of in kind, and though the system may, and doubtless does, result (according to Fawcett's thesis) in the keeping back of certain exports which should not be exported, it does not follow that exports generally 'tend to diminish,' or imports to increase. The carefully-fostered productive power of the nation is so great that there is a large and ever-growing surplus of products proper and available for export, which are in fact exported; while any tendency of imports to increase unduly is effectually kept in check by the increasing enterprise and productive energy of the people, aided by the Government's tariff.

17. Protection as a Boomerang in Foreign Trade.

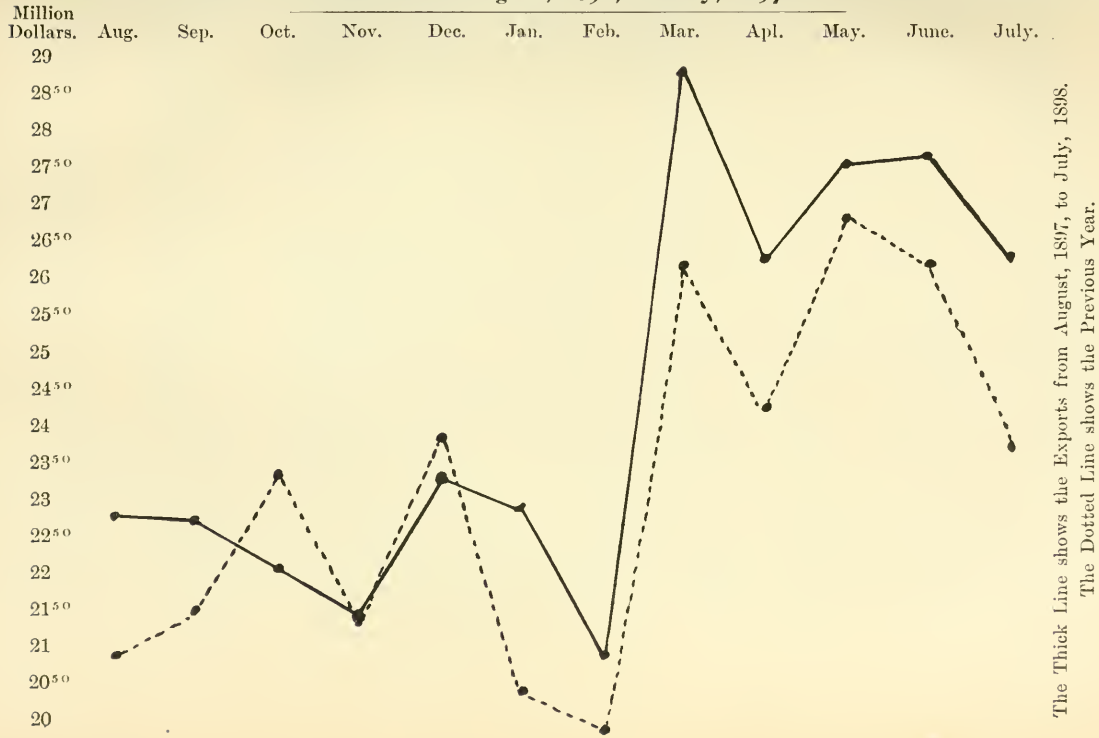
'Every new protective duty which is imposed is just as effectual in impeding an export trade as if a duty were levied on every article which is sent abroad.'*

This is an ingenious argument against Protection. How, it is asked, can a nation avoid hurting its export trade when it makes other countries poorer by checking their sale of goods in that nation's markets?

Foreign nations buy goods from a particular country because they want them, and have the means of paying for them. Let us suppose a case. A nation (A) has been buying goods from another nation (B), and selling to B. A imposes protective duties which prevent B selling her goods to A. Does B thereupon cease to buy from A? Experience shows that she does not. Her failure to get money in A's market may prevent her accumulating so much capital as before: that is her affair and need not worry A. Or it may be that B, to compensate for the lack, seeks a fresh market in a third country (C). She may possibly get into that market by competing successfully in a commodity which heretofore A has supplied to C, and in that case it is fair to argue that A's export trade suffers to that extent. But it may also be—and most probably is the case—that B gets her money by supplying C with some commodity in which A is not concerned. Then A's trade is not injured. Let us, however, grant this argument every

* 'Free-trade and Protection,' p. 92.

Exports of Domestic Manufactures from the United States from August, 1897, to July, 1898, and from August, 1896, to July, 1897.



point that there is in it. It may conceivably be that the commodity which B has newly taken to supply C with was previously supplied by a fourth nation (D), and D being poorer by the loss of C's market, purchases less from A; and in that remote manner A's export trade is injured. But regarding the matter, not in the theoretical light of long-spun-out possibilities, which are checked in their operation by various other and more probable factors, but in the light of actual experience, it will be seen that the danger to a country of hurting its export trade by placing a tariff, or increasing its tariff, on imports, is largely a figment of the theorist's imagination, and at worst is an evil of a most attenuated kind, and one which is not to be weighed in the balance with the tangible advantages which accrue from an intelligently directed protective system.

Let us, therefore, record the progress of the export trade of the United States since the duties in that country were raised by the passage of that most stringently protective tariff law, the Dingley Act of 1897. In 1896 that trade was worth 201,000,000 sterling; 220,000,000 in 1897; 251,000,000 in 1898. Thus it is apparent that the piling on of heavier protective duties has not in any respect fulfilled Fawcett's assertions: exports have largely increased. Nor can it be contended that the increase is due entirely to a greater foreign demand for American agricultural products, which the United States take no special pains to protect: there has been (as the appended diagram shows) a growth during most of the months in the value of the manufactured exports.

18. Duties and Prices.

'It therefore appears that instead of a protective duty being chiefly paid, as American and other Protectionists suppose, by foreign countries, such a duty must cause a much more serious loss to the community which imposes it than it causes to those countries who export the produce on which the duty is levied.'*

Partly by assuming as a fact what he wishes to be a fact, partly by theorizing from the ought-to-be to the must-be, Fawcett arrives at the above conclusion by a previous demonstration, to his own satisfaction, that import duties are always paid by the importing consumer, and not by the exporting producer. As this is a subject which I have already referred to more than once—one that is perpetually cropping up in any discussion on Protection—I will not stay here to argue the point at length. I will just repeat the position as reviewed by the Protectionist—namely, that import duties are only paid for by the consumer (if even then) when there is no healthy competing home industry in the mulcted commodity, but that when there is vigorous home competition then it is impossible to add the duty to the price of the commodity, and will pass on to a recital of a practical expression of opinion antagonistic to Fawcett's theory.

About the beginning of 1897, Mr. A. Williamson, the author of 'British Industries and Foreign Competition,' addressed to a large number of representative exporting firms in London, Birmingham, Man-

* 'Free-trade and Protection,' p. 96.

chester, Oldham, Huddersfield, Macclesfield, Coventry, Glasgow, etc., the following question: 'In your experience, when a foreign country has imposed or added to a duty on an import, *which had to encounter the competition of a home product*, have you obtained in the markets of that country an advance in price to recoup you for the duty, or increase in the duty, you had to pay?' Replies were sent by representative men in well-nigh every manufacturing industry of importance—cotton, silk, woollen, iron and steel manufacturers, brewers, merchants, etc.—to the number of 531. Five hundred and thirty of them replied 'No' to the question; the solitary exception was an American cycle exporter, who, as he handed back the question paper, remarked: 'You Britishers are the biggest fools in the world; why don't you put on tariffs?' This remarkable consensus of testimony from practical manufacturers and merchants may be left without further comment as a reply to the theoretical Musts of Professor Fawcett.

19. The Productiveness of Transport Labour.

'There is not the slightest foundation for the assumption that the labour employed in transporting a commodity is in any degree more unproductive than the labour which is employed in absolutely producing it.'*

This is Fawcett's answer to the economic argument of Protectionists that, when a country produces commodities for itself instead of obtaining them from

* 'Free-trade and Protection,' p. 98.

abroad, the labour obtained in transporting them is saved, while the contrary system implies a waste of productive labour. The answer has the merit of cleverness, but not of ingenuousness. Labour is productive or wasteful according to its necessity. A certain amount of transport labour is always necessary in order to bring commodities into use, to distribute them from the producer to the consumer. That labour it is perfectly right to class as productive. The railway train or the barge which takes the hay from the farm to the market and brings back manure to the farm is genuinely engaged in productive labour; but if the train or the barge made unnecessary détours in its journey, the extra labour thereby involved, though it would be added to the cost of the commodity, would be wasted, and not productive, labour. Now, this criticism applies equally to the bringing of commodities from foreign countries, which could be as easily and as well produced at home. I do not regard the matter as one of practical importance, because transport charges do act, as Cobden said (though to a small and diminishing extent), as protection to the home producer against the foreigner. And it is the foreigner who has to pay wherever the home industry is sufficiently vigorous to set the price in the market. But I have thought the point worth noting as an instance of the loose reasoning—to use no harsher term—of a celebrated professor of political economy in pursuit of all possible arguments to maintain a certain theory. For the sake of his credit, however, it should be recorded that at the end of this section of his work he hedges a point, and qualifies

his previous all-round assertion by: 'It therefore appears that saving the labour employed in transporting produce is not necessarily economically advantageous.'

20. Emigration and Protection.

'There is at the present time nearly as much emigration from America to England as there is from England to America.'*

'In 1877 the number of persons of British origin who emigrated to the United States was 45,481; and in the same year the number of persons of British origin who emigrated from the United States to England was 44,478.'†

In these and other passages, Fawcett seeks to make a great point over what he imagines to be the re-migration to England of labourers who had gone to the United States and failed to make a living there, consequent on the hard times brought about in that country by Protection.

First as to his figures. Those he quoted for 1877 are correct. But let us take the quinquennial period in which 1877 is placed: we then find that the British emigrants to the United States numbered 413,105, while the British immigrants from the United States to the United Kingdom numbered only 180,181—a balance in favour of emigration to the United States of 232,924. To come to a later year, 1896 gives the following figures: Emigrants, 98,921; immigrants, 59,212—a balance in favour of emigration of 39,709.

* 'Free-trade and Protection,' p. 107. † *Ibid.*, p. 125.

The point of Fawcett's argument from the figures gets rather blunted in this wider view.

But was the point worth trying to make any way? Surely Fawcett knew better than to imagine that those 44,878 remigrants to England in 1877 consisted entirely of disappointed artisans; and if he knew better, he should not have endeavoured to convey the false impression to his University students and readers. The immigration returns comprise all passengers, so far as their number can be ascertained, and so include Englishmen returning from a visit to the United States for business or holiday purposes, and British settlers in the United States who have done so well there that they can afford a holiday in the Old Country. Really, one would be more justified in dwelling on this last class of remigrants, and pointing to them as evidence of the prosperity awaiting settlers in the United States.

There is one more circumstance which Fawcett overlooks. Emigration for generations past has been causing a great shrinkage in the virgin lands of the United States. Emigrants are, as a rule, persons who want virgin lands, and want them cheap, and American prosperity is making American lands comparatively dear. At the same time, new territories for colonization have for years past, and are still, being opened up elsewhere, and the emigrant with this enlarged choice is naturally getting to choose the lands which are given away, or almost given away, in Canada, Australia, and South Africa, in preference to those of the United States. This factor obviously tends to diminish emigration to the States.

21. The Fixed Income Objector.

'A physician with £1,000 a year, or a policeman with £1 a week, would find that everything he purchased was made dearer by Protection, while his income was in no way increased by it.'*

This desperate appeal to the few sections of the public which are not directly engaged in the production of commodities which could be protected by tariff duties may be ingenious, but it reveals the poverty of the case. Let us examine it.

On what principle does a physician proceed when making out his fees? On the time-honoured principle of what he can get. And what he can get is determined by the incomes of the farmers and iron manufacturers and cotton-spinners who are his patients. With the raising of their incomes the physician's fees would also grow. The policeman's wages are fixed according to a scale which will suffice to attract men from other kinds of labour; an increase in the remuneration of those other kinds of labour would necessitate the offering of higher wages to policemen. The same rule applies to the other occupations. In my own profession of journalism, for example, editors pay for work just as much as will induce a sufficient number of the right class of men to adopt journalism in preference to the other callings open to them; and any general rise in the incomes earned in those callings would of necessity cause editors to offer correspondingly better pay to their staffs. But what, it may be asked, of the

* 'Free-trade and Protection,' p. 104.

proprietors of journals? Would not they suffer? By no means. The greater the amount of money in the country, the more pence and halfpence would there be available for the purchase of papers. Newspaper enterprise would receive a splendid impetus. To return to the stock American example: in what country do you find so many newspapers bought as in that land of dollars and Protection?

Finally, it is not only the growth of incomes earned in the main productive industries which would cause a corresponding rise in the other occupations: the general increase in employment resulting from Protection would cause labour of all sorts to be less a drug in the market. The Bar, to take an example, would be less thronged with the briefless crowd when industrial expansion opened out to young men of education a better prospect of lucrative work in one of the manufactures.

22. 'Natural' Productiveness.

'Whatever may be the social and political advantages claimed for Protection, such, for instance, as that it secures a diversified industry, and makes a community independent of foreign countries, its advocates do not attempt to maintain that it increases the productiveness of capital and labour.'*

If by this Fawcett means that Protectionists do not contend that a spade turns twice as much earth, and an ear of wheat becomes twice as heavy, when agriculture is protected as when it is exposed to the ravages of foreign competition, we can all be perfectly

* 'Free-trade and Protection,' p. 105.

agreed with him on the point; but in that case the truism of his sentence is too obvious and childish to put before the most elementary class in economics that was ever got together. But if he means to insinuate—and without the insinuation the sentence loses all point—that Protectionists admit the incapacity of Protection to make the protected nation's labour and capital practically more productive, then this is a convenient place to assure his followers that Protectionists admit nothing of the sort. There is a lot of capital wasted in gold-mines or lying idle in banks that would be put into the land, and be taken out in the form of more and bigger crops than are at present garnered, if agriculture were protected, for example; and there is a good deal of labour at present exhausting itself in holding the doors of hansom cabs in London which could be made more productive if set to work on the fields, as would be possible if the produce of those fields was protected. To the ordinary understanding, it is sufficiently clear and entirely true to say that the productiveness of a nation's labour and capital is increased by Protection.

23. American Trade once more.

'If the present commercial condition of England is compared to that of the United States, the comparison is to a remarkable extent in favour of the former country.'*

This is from a chapter on commercial depression, and the point is that Protectionist America suffered

* 'Free-trade and Protection,' p. 123.

very much more from the depression in the Middle Seventies than did Free-trade England; and the inference sought to be drawn is that a Protectionist country suffers worse in commercial depression than a Free-trade country; though Fawcett hedges on this point to the extent of admitting that he does not 'attribute the remarkable difference in the trade of the two countries solely to the fact that one maintains the Protectionist tariff, whereas the other has adopted a Free-trade policy' (p. 124). But as (p. 127) he gives a table of comparative exports in 1876, and insists that it 'clearly proves how groundless are the fears that with regard to manufacturing industries England is being defeated either in her own or in foreign markets by American competition,' it will be interesting to reproduce that table, inserting (in thick type) underneath the figures for 1876 the corresponding figures for 1897. (In the American table the figures are for the year ending June 30, 1898.)

VALUE OF PRINCIPAL MANUFACTURED ARTICLES EXPORTED FROM ENGLAND AND THE UNITED STATES RESPECTIVELY IN 1876 [AND IN 1897-98].

	England. £	*America.* £
Manufactures of cotton	67,640,000 54,044,000	1,540,000 3,502,000
Iron and manufactures of Machinery, including steam and other engines, agricultural implements, and, in the case of America, sewing machines ...	26,720,000 40,898,000	2,480,000 14,496,000
Linen and jute yarn ...	1,670,000 1,502,023	— —
Linen and jute manufactures	7,170,000 6,938,000	— —
Silk yarn and manufactures	2,870,000 1,594,000	— 68,000
Woollen and worsted yarn and manufactures	23,000,000 15,976,000	— 224,000

'The exports (if any) of the last four commodities from America are too insignificant to be given in the "Table of the Principal Articles exported from the United States."'—*Note by Fawcett.*

Numerous comments suggest themselves. The most pertinent is that the increases in the American export trade, big though they are, would have been yet bigger had not much of Yankee energy during this period been occupied in driving the foreigner out of the great home market. How this process is proceeding may be indicated by comparing the imports into the United States of the articles in the above tables in 1893 and 1898 (years ending June 30):

	1893. Dollars.	1898. Dollars.
Cotton manufactures - -	33,560,293	27,266,932
Iron and steel manufactures -	34,937,974	12,615,913
Silk manufactures - -	38,958,928	23,523,110
Woollen manufactures - -	38,048,515	14,823,768

24. The Compilation of Trade Returns.

'In preparing a statistical table of exports and imports, the value at which any article which is imported is estimated includes the cost of carriage and the profits of the merchant who imports it; whereas in estimating the value of exports, both the cost of carriage and the profits of the exporting merchant are included.'*

From this 'fact' Fawcett deduces that the discrepancy between this country's imports and its exports is not so great as the Board of Trade figures, taken barely, imply. What spoils the comfortable deduction is the circumstance that it is not based upon a universally applicable fact at all, and Fawcett's acquaintance with the details of business must have been meagre indeed for him to commit himself to the

* 'Free-trade and Protection,' p. 129.

statement. There is no universally applicable rule of calculation. The Custom House system is chaotic. In the case of exports the declaration of value is left to the exporting merchant (or his invoice clerk) to fill in as he pleases; and what he pleases is determined in each case by business considerations, varied by the chance vagaries of the clerk in charge. (In the case of shipments to the United States, however, the Washington Government has laid down a rule that goods shall be declared at the ordinary market price in the principal markets of the country whence they are exported; and United States Consuls take care that this rule is obeyed, for their certificate of appraisement has to accompany the consignment.) Sometimes the amount stated as the value of the exported merchandise includes both freight and import duties on the other side; sometimes it includes neither. There is equal confusion, from a statistician's standpoint, in the values of imports, and Fawcett was quite unjustified in laying down his rule.

25. The Neglected Consumer.

'In discussions with regard to the effect upon the country of a particular state of trade, attention is generally and entirely concentrated on the interest of the producer; and the interest of the consumer is passed over almost unnoticed.'*

Again I quote from the chapter on 'Commercial Depression.' This particular citation is from a remarkable passage wherein Fawcett strives to prove that commercial depression is, on the whole, a good

* 'Free-trade and Protection,' p. 145.

thing, because at such a time goods are cheap! It is a woeful *reductio ad absurdum* of the Free-trade Cheapness theory—perfectly logical, of course; but how perfectly ridiculous! Before all things, cries the Free-trader, let us cultivate Cheapness. It does not matter that to gain cheapness industries have to languish. That result is but a sacrifice to be offered with willing heart to the god of Cheapness. 'It is, no doubt,' says Fawcett (on the same page), 'a serious disadvantage to mill-owners and operatives that cotton and woollen goods do not sell for as much as they did formerly; but, at the same time, the fact should not be lost sight of that it is a great advantage to all the people who wish to purchase these goods that they are able to buy them more cheaply than formerly.' Apparently it is right to lose sight of the other fact that out-of-work operatives and their families, and the shopkeepers and others depending upon their custom, are unable to purchase goods at all, be they offered never so cheaply. Or, again, what does the sweating in the clothing trade matter if it produces cheap clothes and good profits to the shopkeeper? Men may become puny starvelings, women be forced to prostitution, children die or be reduced to a condition in which they would be better dead—but trousers are cheap.

But consider, says Fawcett, 'the annuitant, the fund-holder, the person in receipt of a fixed salary, the numerous class whose wages do not vary with the state of trade.' Well, consider them if you like. What proportion do the annuitants and the fund-holders, who are nothing more than annuitants and fund-

holders, bear to the mass of the population? Truly, nothing would suit them better than the reduction of all the rest of the country to abject poverty. The hundred-a-year annuitant would then by comparison become a very Crœsus. He would flourish on the country's ruins. Apparently, the object of orthodox political economy is so to contrive things that this interesting apotheosis of the Fund-holder shall become a national fact—a perennial illustration of the sweet uses of adversity.

26. Depression as a Transient Evil.

'Unless an industry becomes depressed in consequence of a permanent falling off in the demand, or in consequence of the demand being satisfied from some cheaper source, it is perfectly certain that the depression cannot permanently continue."*

Fawcett in this passage is arguing that commercial depression is not of much consequence, because, though it causes a temporary restriction in output, that very restriction is a guarantee that by-and-by there will be a specially lively demand to compensate for it. Now, in the first place, the depression, while it lasts, must produce misery among the workers and serious loss to the capitalists in proportion to its severity. The capitalists may tide over the evil time without coming to grief, but the poverty of the workers is a certain fact. They are not able to put by for months of evil days. But my point particularly now is that there is no certainty of full compensation when the time of restricted output is past. With the

* 'Free-trade and Protection,' p. 148.

present growth of foreign industrialism, controlled by eager men watching avidly for the slightest chance of a new foothold in the market, there is always considerable danger that a renewed buoyancy in trade and extension of demand will be the signal for the foreign competitor to rush into the market to supply that demand. It gives him his chance, and having once got his foot into the market, experience shows it is more likely the rest of his body will follow than that the Englishman will succeed in squeezing his foot out again.

27. A Queer Notion respecting Commercial Treaties.

'As affording some compensation for the loss and inconvenience that may be caused if the French refuse to renew the Commercial Treaty with England, it should be remembered that, great as are the advantages which result from such a treaty, they are accompanied by at least one important disadvantage. When certain fiscal arrangements are entered into between two countries which are to remain in operation during a fixed number of years, it is evident that throughout the continuance of this period the freedom of each country to introduce changes in its tariff is somewhat curtailed.'*

I do not think I can more fittingly close this critical review of Fawcett's book than by nailing to the counter the remarkable passage just quoted from his final pages. The late Professor Fawcett was an able man; he knew much of the economists whom he expounded; he had a good grip (from his own point

* 'Free-trade and Protection,' pp. 167, 168.

of view) of the theories of political economy; but, as I have already in these pages had occasion to show, his innocence of acquaintance with the practical economics of trade was often remarkable. The above quotation may serve for an example. If there is one thing more than another which men who do business with foreign countries particularly desire, it is continuity of tariff policy. When, for example, the Russo-German Commercial Treaty of 1894 was concluded, all the German merchants praised it for the tariff advantages which it secured to them; but more valuable in their eyes than all those advantages, substantial though they were, was the crowning benefit contained in the fact that the treaty was to continue for ten years, and that therefore during that period there would be no more disconcerting dislocations in the Russian trade caused by tariff changes. The great and obvious advantages of tariff continuity are felt not only by Germany; practical business men of any country will bear witness to them. Professor Fawcett calls tariff continuity a disadvantage.

VI

The Arguments of Professor Bastable

In the foregoing chapter I replied to the Free-trade case as stated by one of its most distinguished exponents in what is now almost a past generation. It is only right to attempt a criticism of a more recent champion, in case (if for no other reason) it be objected that the grounds of the controversy may have shifted somewhat even in twenty years, and new arguments in support of Free-trade may have been developed within that period. Let us, then, take the latest work of an eminent Free-trade economist, 'The Theory of International Trade,' by Professor Bastable, published in 1897.

It is scarcely necessary to plunge into the earlier chapters of this book, and wade through the algebraical intricacies of the Professor's demonstration of his theory of foreign exchanges; it will suffice to come straightway to his final chapters, wherein he attacks the Protectionist controversy directly. The value of these chapters is, however, mitigated by their meagreness. In one the 'Rationale of Free Trade,' in the other the 'Arguments for Protection,' is the subject-

matter; but in neither chapter, nor in the succeeding final chapter, are the points at issue treated with any attempt at exhaustion; they are just touched in cavalier fashion. Nor does the Professor enhance the value of his contribution to the discussion by occupying a considerable share of his few pages with expressions of contempt for his opponents, instead of replies to their arguments.

Professor Bastable's controversial quality may be gauged by the following sample, extracted from the opening paragraph of the chapter on the 'Rationale of Free-trade': 'It seems to be one of the best accredited articles of the vulgar belief that foreign trade requires to be carefully watched, in order to prevent the injuries which it is likely to inflict on the national industry and commerce.' Seeing that every man who has a practical, instead of an academic, acquaintance with industry and commerce knows the importance of vigilant watchfulness of foreign trade, it is really part of the A B C of his business, and, one would have thought, too obvious to need mention; and seeing that even Free-trade statesmen in England deem matter of the first importance among the objects of their solicitude, the Professor's contemptuous reference to the 'vulgar belief' does not recommend either his courtesy or his sagacity. Nor does he attempt to justify his strange assertion, beyond a preliminary dogmatic statement that 'all impediments to transfer, since they limit the possibilities of gain, are inexpedient, or at least there is a strong presumption against them;' though even this assertion, if true, hardly constitutes a ground for viewing foreign trade

with indifference. The Professor's scornful allusion is not, however, without its value; it indicates the extremities to which the Free-trade doctrine, pursued logically by a Professor in his study, will lead a man.

But Professor Bastable not only scorns the 'vulgar beliefs' of those who disagree with him; he will not even condescend to traverse their contentions. 'Any arguments which ignore the theoretic bases that have been developed may be passed by as being outside the field of reasonable discussion.'* This is disconcerting as well as discourteous to the student of political economy who would fain learn what is the latest expert Free-trade reply to Protectionist arguments. Happily, however, the Professor is not so bad as his word; he does relent in a measure, and puts one foot at least within the field of unreasonable discussion. But, before proceeding to view him in this attitude, let us collect two more excerpts by the way. One corrects a misapprehension. There is a 'vulgar belief' that Free-trader and Cobdenite are synonymous terms; that the wisdom of the Corn Law Repeal League is still exalted by Free-traders for our instruction. That belief, we learn, is wrong. 'There is little that is valuable for economic theory in the speeches and writings of the leaders of the League' (p. 129). True, Protectionists never thought there was much. Still, it is interesting to learn that even professional Free-traders have advanced so far as to recognise the fact also. But it would be wrong to conclude from this sign of grace that there is anything half-hearted, or even moderate, about Professor

* 'Theory of International Trade,' p. 129.

Bastable's Free-trade faith; for in the other quotation referred to he severely rejects the weak-kneed doctrine of moderate Free-traders (he dubs them the 'historical school,' though that hardly sounds calumnious), that Protection may be necessary in certain stages of industry, and that the Mercantile System was of great service in its day. Of such a view says Professor Bastable (p. 133): 'Its practical value is of the slightest.' And as it cuts at the root of the Professor's algebraical demonstrations of the innate economic wickedness of Protection in any form, it will cheerfully be agreed that its practical value to his thesis is indeed of the slightest.

Free-trade in a Nutshell.

In the course of the chapter on the 'Rationale of Free-trade,' Professor Bastable gives us a 'brief statement' which, he says, 'contains the main point of the Free-trade argument.' The student flies eagerly to this concise reduction of the Free-trade case. Here it is: 'In every particular exchange there is necessarily a gain to each party concerned; but the sum-total of exchanges is composed of the several particular exchanges which have been made; and as each of the latter implies a gain, the result must be beneficial.' To this is added by way of controversial rider: 'As the aim of protective duties, on the other hand, is to hinder exchanges, they are necessarily injurious.'*

'In every particular exchange there is necessarily

* 'Theory of International Trade,' p. 133.

a gain to each party concerned.' Obviously—unless, owing to some unforeseen circumstances, the speculating trading purchaser incurs a loss. 'The sum-total of exchanges is composed of the several particular exchanges which have been made.' Unexceptionable, if somewhat trite. 'As each of the latter implies a gain, the immediate results must be beneficial.' Why 'immediate' only? Does Professor Bastable suspect that the ultimate result is not necessarily beneficial? If so, Protectionists are with him. To exchange money for imports which might be produced at home is not necessarily beneficial in its ultimate result on the national industry; nor, to take another instance, is the exchange of irreplaceable raw material in the shape of coal exports for foreign food and manufactures necessarily of ultimate benefit to the coal-exporting country.

It is also necessary to inquire, To whom is the gain and the benefit in the case of foreign exchanges? And the answer is, To the exporting producer and merchant and to the importing merchant. With the foreign exporting producer and merchant we are not concerned. As to the importing merchant, it is well that he should make gains—under a certain condition, namely, that his operations shall not inflict injury on the productive industries of his country. That is a point which Professor Bastable overlooks; and it may be well to commend to him the words of Mr. Stephen Colwell, in his notes to List's 'National System': 'Free commerce may prosper more, the fewer the restraints, but are the interests of the country and its whole people identical with the interests of the

merchants?'* The interests of the whole people are not necessarily identical with the interests of the merchants. The two interests are in opposition when the merchants import products which compete with home labour; and it is no sufficient reply to contend that imports can only be brought into the country in proportional extent to the exports; for (1) an undesirable kind of import may be used to pay for an undesirable kind of export; and (2) there may be no export of commodities at all to pay for the imports, but an export of securities, implying both a lessened amount of capital in the country and languishing employment for the workers. But of these matters the Free-trade thesis takes no cognisance; the producer is lost sight of in the pursuit of the interests of the merchant and the supposed interests of the consumer. The Free-trader tries to build his economic edifice with a top-story only: he forgets the foundation. Exchange can very well be left to take care of itself; it is the interests of production which must be kept carefully in view. Yet Free-traders ignore production, and concern themselves only with exchange. This is evident in all their writings; and Professor Bastable emphasizes the fact in this crystallization of the Free-trade case, which contains not a solitary reference to production.

With regard to Professor Bastable's rider as to the aim of protective duties, which he declares to be 'to hinder exchanges,' it should be pointed out that the aim of protective duties is to encourage home ex-

* 'National System of Political Economy,' American edition, p. 146.

changes by the encouragement of home production (since home exchanges are better than foreign), and to discourage such foreign exchanges only as are likely, unchecked, to injure home industry.

'The Most Apparent Weakness of Protectionism.'

Professor Bastable follows up his short statement of the Free-trade case by putting his finger on the spot where 'the weakness of modern Protectionism is most apparent.' If a tenth of Professor Bastable's objurgations against modern Protectionism be true, this spot should be a very weak one indeed. Let us state it in the Professor's own words: 'The loss which results from the hindrance [to exchange by Protectionist duties] exactly resembles that inflicted by difficulty of transport, and thus brings back no compensating advantage. . . . Strenuous efforts are made to remove natural obstacles to exchange, and then, strange to relate, many persons seek to establish artificial ones "to protect" national industry.'*

It is not strange at all. To refer once more to Cobden's famous argument, freight is, or rather was, 'natural protection' to national industry. That natural protection is being broken down more completely day by day with each new triumph of engineering and mechanical invention; and more than ever has it now become necessary to substitute the direct —if you will, the artificial—protection of import duties. Then, Professor Bastable may exclaim, You

* 'The Theory of International Trade,' p. 134.

Protectionists range yourselves in line with the old-fashioned opponents of improved transport. Nothing of the kind. A Protectionist is as anxious as a Free trader for the extension of transport facilities, not only within his own country, but between his own country and foreign lands. He wants to encourage his country's export trade; and therefore he desires every possible facility for exporting merchandise to other countries. He wants to encourage the import of such raw materials and articles of consumption as cannot be produced in his own country; and therefore he desires to reduce the cost of transporting them as much as possible. But, as in every good thing there lurks a danger of evil, a Protectionist is alive to the danger to national industry in the extension of cheap and easy transport of foreign goods to his country; and he therefore proposes to guard against it by adequate import duties on certain articles. Is there anything illogical in this? It is the most ordinary business common-sense; and if this is the weakest spot in modern Protectionism, then it will surely be conceded by everyone that modern Protectionism must have a fairly strong case.

The Theory that What Is must be Right.

It is a comfortable theory to hold, but an outlook on the world in any department of life scarcely justifies it; yet Professor Bastable finds little amiss with it in industrial affairs. Thus: 'If a nation does not possess manufactures, in the developed shape of factory industries—all countries are more or less manufacturing in the older sense of the word—the very

fact is conclusive proof that, economically speaking, it is better off without them.'* This is *laissez-faire* with a vengeance. What becomes of efforts after progress if this doctrine be accepted? Where would Germany and the United States be, speaking economically or in any other manner, if they had accepted the dogma? Where, for that matter, would England herself, the Mother-Country of the manufactures, have been to-day had she acted on the principle that it was better, 'economically speaking,' not to try to get what you had not already got? This is the kind of sentence which Free-traders, in their blind hatred of any Governmental aid to industrial progress, sometimes permit themselves to indite. But surely their common-sense—nay, their very sense of humour—should awaken to the absurdity of the statement when they read their proofs in comparatively cold blood. Professor Bastable's work, however, shows no signs of haste; we are driven, therefore, to the forlorn conclusion that the above quotation really represents his views on the subject, and that in his opinion it is, 'economically speaking,' disastrous for a country to try to establish any industry which does not already flourish in its midst. That being so, I suppose his argument must be taken seriously; but it is very difficult. I can but fall back on four questions: (1) Does Professor Bastable think that manufactories grow wild, like blackberries on a heath? (2) If not, how otherwise? (3) If Professor Bastable takes this root-and-branch view, that no effort of any sort should ever be made to introduce a manufacture

* 'Theory of International Trade,' p. 141.

not previously existing, is he not rather wasting his time in descending to combat a particular form which such efforts may take? (4) Does he, finally, think (to take a concrete instance from his own neighbourhood) that the Irish farmers would be better off without their new co-operative butter factories, which are gradually and with considerable effort being introduced into the country?

Professor Bastable's next sentence, however, seems to indicate that he is under the impression that the actual non-existence at the moment of a particular manufacturing industry in the country is *ipso facto* proof that it could not exist in what he designates as a 'state of freedom.' Let me quote the sentence: 'If there is no prospect in the most favourable circumstances of an industry yielding a suitable profit under a state of freedom, that industry, if artificially established, is not an element of strength, but of weakness.' What is meant by a 'state of freedom'? Surely, in the case of a struggling industry, a state of freedom for the profitable working of that industry can only mean that the industry shall be free from the choking blight of foreign competition. For obvious instances we turn naturally to the young industries in foreign countries struggling into existence in the teeth of the old-established English competition, and sheltered from the worst of that competition by the protective duties and like aids established by their Governments. But we can find a very pertinent instance nearer home. The British sugar-refining industry was at one time a flourishing staple of the country; it has since been ruined, simply and solely

because it was no longer in a state of freedom: it was crushed by the tyranny of bounty-fed foreign competition. Yet the restoration of the freedom by the imposition throughout the British Empire of protective countervailing duties against the tyrannical bounty-fed competition Professor Bastable would of course denounce as an artificial 'prop.'

Professor Bastable supports his assertion that Protection is an element of weakness by a curiously inept illustration from the United States. He says that 'it is the stock argument of American Protectionists that, without high duties, their manufacturing industries would be destroyed'—implying that they are consequently very weak. Evidently the Professor has got into confusion over the word 'weak.' Even if the industries themselves were weak in comparison with the like industries in other countries, it does not follow that they are a source of weakness to the nation. But, as matter of fact, to talk of weakness in connection with American industries is surely a little absurd when American manufactures are not only rapidly supplanting foreign manufactures within the United States, but are invading successfully every market in the world, including Great Britain itself. Right in the heart of the iron manufacturing district of Scotland American iron manufacturers are contending for the home trade. The Glasgow Corporation received from a Philadelphia firm a tender for iron pipes which was actually lower than the lowest tender from a Glasgow firm. It may still, however, be the fact, as the American writers from whom Professor Bastable quotes declare, that without high

duties their manufacturing industries would be destroyed—they would probably, at least, be seriously crippled; and that would be just because they were no longer in a 'state of freedom' from foreign competition, but were exposed in the home market to the competition of any products of under-fed labour and bounty-fed capital which might be hurled against them.

The Motive of Self-Interest.

'Productive power,' says Professor Bastable, 'attains the greatest efficiency when it is directed by the normal economic motive of self-interest.'*

This admirable platitude would, save for its lack of altruism, serve excellently for a child's copy-book; Professor Bastable thinks it serves as an argument against Protection; indeed, he refers to it as 'the Free-trader's contention.' It will rejoice him to know that Protectionists receive the doctrine with equal submission. But how can it possibly be turned into an argument against Protection? Professor Bastable might as well parade the law of gravitation as a 'Free-trader's contention.' The thing seems so foolish that one naturally seeks for some solution of the puzzle, and surmises that perhaps the particular sentence is awkwardly phrased, and may be explained in the context. And, turning to the context, we find that what is in Professor Bastable's mind is a notion that State aid to industry (which he prefers to describe as 'Governmental interference'), in some way unexplained, destroys the 'normal economic motive of self-interest.' Now, it might be possible to

* 'Theory of International Trade,' p. 142.

bring forward such an objection to a scheme of altruistic communism; but it is absurd as against a scheme of Protection. An American or German manufacturer, working under Protection, is seeking his own self-interest in exactly the same measure as an English manufacturer under Free-trade. If I may again bring the charge of mental confusion against so notable a thinker as Professor Bastable, I should say that here is a case in point: the author is confusing self-reliance with self-interest. 'Tis a common superstition among Free-traders — which current facts seem powerless to abate—that the self-reliant virtues of energy and enterprise are deadened or destroyed in a nation which puts a protective tariff on imported goods; but even if there were anything in the contention—and there is not—the deadening of self-reliance could have no possible effect on the motives of self-interest. I have referred in a former chapter to the self-reliance argument; as to the self-interest argument, it can surely not be necessary to add any further words, beyond pointing out that when, by Protection, you give a man a better chance of prosecuting his industry profitably, you do not destroy his desire to continue making profit.

The Protectionist Case challenged.

As previously intimated, Professor Bastable has a very short way with Protectionists. To quote his own words (p. 144), 'there is no necessity for minute examination of the numerous declamatory works of Protectionist writers.' He does, however, admit three points in the Protectionist case as being not altogether entitled to this sweeping condemnation.

'And these,' he says, 'must be briefly noticed.' Let us also notice them.

The first is the National Safety argument. It is hardly necessary to say that this argument embraces a number of important subjects, such as the national food-supply, the active existence within the country of the other more important industries necessary to a nation's independence, the fostering of a strong mercantile marine to aid and feed the navy both with ships and seamen, and the keeping in a healthy condition of the villages whence a nation looks mainly for its fighting strength. Professor Bastable confines his criticism of the argument to two or three sentences on the value of the English Navigation Acts. Nor has he a word of direct objection to the good wrought by those Acts. He only attempts to make two direct points against the policy: (1) That 'when the success of the English Navigation Acts is brought forward it is well to remember that similar enactments in France were failures—a fact which goes far to show that it was not legislation alone that promoted the development of the British Navy.'* In view of the fact that no one contends that it was legislation alone which promoted that development, Professor Bastable may be left in possession of his criticism for what it is worth—though it may be remarked in addition that it is rather the growth of the merchant shipping service which Protectionists lay stress upon when pointing to the successful work of the Navigation Acts. (2) That 'the wonderful expansion of English shipping since 1849 bears witness' to the fact that restricted

* 'Theory of International Trade,' p. 145.

measures 'are injurious in their influence when a large mercantile marine exists.'* As to the expansion since 1849, may it not be reasonably contended that it was due, in no small measure, to the impetus given by the Navigation Acts? Certainly it may be held that they never exercised any injurious effect on the growth of the mercantile marine; and Professor Bastable would do well to explain in what manner he imagines that injury could be caused to the mercantile marine by legislative provision that goods should be carried in British bottoms.

The second point in the Protectionist case which Professor Bastable deems worth brief mention is the argument that agriculture needs special protection on the grounds of the importance, from the standpoint of national safety, of a home food-supply, and of the 'steadying and conservative influence exerted by the "agricultural interest."'† It should be pointed out that Professor Bastable gives a rather meagre list of the reasons for protecting agriculture. There are others of at least equal importance, among which may be mentioned the eminent desirability of promoting the happiness and health and stamina of the race by stimulating the industrial life of the countryside. The arguments quoted do not convince Professor Bastable as to the necessity for agricultural protection, though he is good enough to declare them 'the nearest approach to reason in the position taken up by the supporters of the Corn Laws in England.' His answer to the Food-Supply argument is that "the people of England are better supplied with food

* 'Theory of International Trade,' p. 145. † *Ibid.*, p. 146.

now than at any previous time in the present century.* Undoubtedly they have a much larger supply of imported food; but the increase in grain imports appears, taking into account the increase in the population, to have about corresponded with the shrinkage in English wheat acres. In the Corn Law agitation days, when Cobden was trying to convince Parliament that from 7,000,000 to 8,000,000 persons in the country were without wheaten bread, he estimated that the annual consumption was not less than 21,000,000 quarters, which was equal to over 373 pounds per head of the population; while the consumption to-day only works out to about 370 pounds per head. But the point in question, it is needful to remind Professor Bastable, is not whether people satisfy their appetite, but that they do so on imported food.

But the author sums up his objection to the agricultural protection case by asserting that the real effect of it is 'not at all to benefit, either the labourer or the farmer, though it is possible it may increase the proportion of agricultural to non-agricultural workers, at the cost either of lowering the standard of comfort or limiting the amount of the population, by the difficulty of procuring food.'* Of course he relies here on the Grabbing Landlord argument, which my readers will doubtless excuse my stopping to deal with again; while the recondite economic argument that the production of more food in the country would increase the difficulty of procuring food may also be left to look after itself. For the

* 'Theory of International Trade,' p. 146. † *Ibid.*

rest, I will quote from a passage in Professor Bastable's next paragraph (p. 158). 'Whatever may be the benefit to the State of a large agricultural population, it can hardly be urged that artisans are either physically or morally superior. If the State is to interfere at all with the deep-seated and subtle forces which direct the organization and distribution of labour, there is surely no ground for its seeking to increase the mass of those urban populations, which in all countries present so grave a problem to the statesman and the philanthropist.' Evidently the Professor has a sneaking regard for the Agricultural argument after all.

The third point in the Protectionist case which Professor Bastable deems not too foolish to be controverted is the advocacy of protection to manufactures on social grounds. And the argument is answered in this wise. He first contends (in the words above quoted) that urban life is replete with evils and grave problems; and then proceeds (p. 148): 'The evils which arise in a complex industrial society can be overcome by the maintenance of a high standard of comfort, combined with moral and intellectual training diffused among the great body of the population; but Protection weakens this vital element of social prosperity by the economic losses which it inflicts on the society, as well as by the political spirit which it tends to create.' If Professor Bastable thinks that the foregoing demolishes the Protectionist case on the point, one is tempted to say that he is past arguing with. Take the items in the passage one by one. It will of course be granted readily—by none

more readily than English Protectionists—that urban life on the huge scale to which we are now becoming accustomed has its evils and its grave problems: they are the reverse of the medal, and it is the statesman's and the philanthropist's duty to remedy them as far as possible; and, as Professor Bastable says, they can in a large measure 'be overcome by the maintenance of a high standard of comfort, combined with moral and intellectual training diffused among the great body of the population.' But seeing from a glance at England's chief industrial rivals — the United States and Germany to wit — that these desiderata exist chiefly in the leading Protectionist countries, rather than in Free-trade England, it is difficult to understand how the enumeration of them can be construed into an argument against Protection. The statement that 'Protection weakens this vital element of social prosperity by the economic losses which it inflicts upon the society' is simply an unwarrantable begging of the question; while the inclusion of a 'political spirit' reads rather like a joke; at least, Professor Bastable should explain in exactly what manner the diffusion of a political spirit among the population lowers their standard of comfort, or destroys their moral and intellectual training.

Professor Bastable provides an addendum to this 'argument' against protection to manufactures by combating it in what he calls 'the milder form of desiring to secure diversity of industry, in order to prevent a one-sided growth.'* (By 'milder' I presume

* 'Theory of International Trade,' p. 148.

he means 'more reasonable'; the Diversity of Industry argument is by no means mild in any other sense.) Professor Bastable has three replies to the Diversity theory: (1) He contends that diversity exists in even the most backward nations. Does it? It all depends upon what you mean by diversity, which is a relative as well as an actual term. In a sense, of course, there is diversity among the most backward nations, where the men spend their time in hunting and fighting, while the women undertake the little productive industry necessary to satisfy the community's primitive wants; but when in a discussion on Free-trade and Protection diversity of industry is mentioned, Professor Bastable knows very well that what is meant is the prosecution of a large and varied number of distinct industries. (2) The author's second argument is that 'intelligence may be acquired in the profitable working of one complex industry, quite as well as in that of many smaller ones' (p. 148). This statement cannot be accepted as a fact; but even if it be true, it has very little value as an argument: intelligence is not the only, or even the main, thing sought by those who desire diversity of industry for their country. (3) Allied to this last argument is Professor Bastable's third contention, 'that production for a foreign market is in itself a powerful exercise for the faculties' (p. 148). Professor Bastable calls this statement a fact. It is certainly not an obvious one. How, for instance, are a cotton operative's faculties specially exercised when he is producing for a foreign market? Are, and if so, in what manner, are his mental activities made more alert when he is

tending a machine whose product is destined to be shipped abroad, than when it is to be sold in the home market? Or, again, are the mental faculties of the West Indian niggers who produce for the foreign market more actively called into play by reason of the destination of their product, than the faculties of the artisan in the neighbouring Republic who produces for local consumption?

But Professor Bastable will have naught of this Diversity theory. 'From this great and increasing specialization of industries,' he explains, 'is derived one of the weightiest arguments against Protection' (p. 150). And yet, to the ordinary unprofessorial intelligence, the great and increasing specialization which is so pronounced a feature of every department of modern life is commonly regarded with feelings of apprehension. To anyone who thinks it out, this tendency will appear surrounded by numerous evils and dangers. But these Professor Bastable ignores. Why? Because specialization spells Cheapness. It is the old story. Only let a thing be cheap, and nothing else matters. Cheapness is the one thing necessary in the Free-trader's plan of salvation. Professor Bastable is beset by the same passion throughout his work. In another passage (p. 135), after contending that international exchange is a form of division of labour, he states his objection to a protective tariff by declaring that 'impediments on transfer hinder the development of the division of labour, and, so far as they are effective, destroy its benefits.' If he could show that these impediments on transfer hindered, not the division of labour, but

the productivity of home labour, his views would have more reasonable basis. As it is, one can only pass by his statement with the remark that the hindrance to the division of labour caused by Protection is not at all necessarily a point against Protection. The division of labour which a nation needs to secure is of a very different kind from Professor Bastable's specialization: what is wanted is a division of as many industries as is possible among the labourers of our country.

The Political Evils of Protection.

Professor Bastable is much exercised on this point. Under Protection, he contends, 'the competition of the market is transferred to the arena of the Lobby.'* Of course it isn't, as Professor Bastable would soon see for himself if he made the acquaintance of an American or German counting-house; but that is his way of putting it. He means that when tariff reform is before a legislature, representatives of the nation's various interests are active in urging their views and claims, and Professor Bastable has a congenital dislike of industry and Government ever coming into contact. To the ordinary observer, however, it would seem that when legislation concerning industry is toward, the most proper course is to take into consultation, and to hear the expert views of, the persons most directly concerned. Indeed, to do so is to silence Professor Bastable's own fear of State interference in industry: that the Government, lacking expert know-

* 'Theory of International Trade,' p. 151.

ledge of the requirements of the different industries, would make mistakes in legislating for them.

If Professor Bastable's objection to the business man's presence in the legislative lobby were consistently carried out, it would, even in Free-trade England, inevitably lead to comically distressing results. When, for instance, a Bill for granting powers to some industrial enterprise is before a Parliamentary Committee, that Committee would probably arrive at strange decisions if it followed the Professor's maxim, and rigidly excluded from the committee-room everyone interested in the undertaking.

Finally, is not Professor Bastable a trifle inconsistent in objecting to this competitive play of the various interests involved when a tariff is under legislative discussion? It is a fundamental contention of the Free-traders that the path of industrial progress lies in the vigorous turmoil of self-interest in competition. Why seek to narrow the path?

A Short Way with Protectionist Arguments.

On the same page as that from which I gathered the last quotation the reader in search of demonstrations of Protectionist folly will encounter an obstacle to his quest. 'To anyone,' says Professor Bastable, 'acquainted with the true theory of international trade, the pleas of "one-sided Free-trade," "differentail taxation," "the competition of pauper labour," etc., will not seem very formidable.' They seem so little formidable to the Professor that he

brushes them aside with this contemptuous mention, and at once 'proceeds to consider' something else. It is like the orthodox Mohammedan attitude towards general knowledge: if a certain thing is in the Koran, it is waste of time to seek it elsewhere; if it is not in the Koran, it is not true. I will also to a certain extent follow Professor Bastable's lead in these matters. Yet they seem worth just a little more notice than he has given to them, as will perhaps appear to my readers if I mention one point in connection with each.

'One-sided Free-trade.' Will anyone interested in manufacturing industry in this country solemnly affirm that he does not care a rap that the goods he exports are mulcted in heavy tariffs at their destination, while foreign goods competing in his home market come into that market duty-free? Because if any manufacturer will affirm so much he will help to justify the indifference of Professor Bastable.

'Differential taxation.' By this I presume Professor Bastable means the preferential treatment of Colonial produce. If so, I would ask him if he does not think that the cohesion and wealth and progress of the British Empire are worth preserving, and if they can be better preserved than by encouraging intimate trading relations within the Empire?

'The competition of pauper labour,' etc. Does Professor Bastable view with unconcern the levelling down of English wages to, say, those of Chinamen? And if so, will he state as much to a representative gathering of British workmen? As an economist he will not, of course, attempt the disingenuous retort

that a Chinaman is probably as happy on his low wages as an Englishman on his high wages, because Professor Bastable knows well that the real value of wages is determined by comparison with other sources of income and profits and prices in the country, so that low-priced labour competition in a high-priced country can have but two results: it either forces down the workers into misery, or it deprives them of employment altogether, owing to the cheapness of the foreign article, resulting from wages which it would be impossible in this country to accept, and yet live.

The above considerations may not harmonize with the True Theory of International Trade, but they are founded on questions arising in practical trade.

Protection's Popularity.

In sorrow and in anger Professor Bastable admits the popularity of Protection. Moreover, it is popular 'in the most liberal and enlightened countries' (p. 154); and notwithstanding that it is 'entirely opposed, not only to the conclusions derived from scientific investigation, but also to the healthy instincts of common-sense' (p. 155). How account for the sad mystery?

Professor Bastable has three explanations:

1. 'Avarice.' This vice the Professor sees writ large in the 'interested motives of special classes of producers' (p. 152). If Professor Bastable likes to put it in that way, I suppose he is at liberty to do so. It is, of course, open to him to denounce as avaricious the desire of a business man to make his business as profitable as possible. But in that case, when cor-

recting his proofs afterwards, he should have been careful to delete that unfortunate sentence on p. 142, wherein he laid down his golden rule that 'productive power attains its greatest efficiency when it is directed by the normal economic motive of self-interest.'

2. 'Ignorance.' Evidently, you see, Professor Bastable is getting into a very bad temper. 'Ignorance on all economic matters,' he exclaims (p. 154), with an exclusive sweep of condemnation. And one marvels greatly how the enthusiastically Protectionist countries of the world have made their marvellous industrial progress in recent years, considering their utter ignorance on all the matters that concern them. Here surely must be a case where ignorance is bliss. Ere this, of course, the reader will be prepared to learn that Professor Bastable deems his opponents to be sunk in ignorance. But he will seek in vain in this section of the Professor's work for more than a brief catalogue of the origins of that ignorance. He is told that though 'the fallacies of the mercantile system were refuted in Adam Smith's great work over a hundred years ago,' 'at the present day substantially similar doctrines are regarded as self-evident truths by the great bulk of every community. Side by side with the scientific doctrines of economists a popular political economy still flourishes, which approves of "making work," of "spending money," of "employing native industry," and many similar fallacious ideas' (p. 154). I will in this place emulate the Professor's procedure, and leave the *vox populi* to speak for itself.

3. 'Jingoism,' or, as Professor Bastable more

politely phrases it, the 'sentiment of nationality.' As in the case of the previous explanations, Professor Bastable here also economizes his dialectics, and only two arguments can be gathered from his reference to the subject. One appears in the following sentence: 'The writings of Protectionists in every country aim at exciting that international bad feeling which has been the cause of so many evils.' I call this an argument, but that is scarcely accurate; it is merely a statement, and an untrue statement withal. For example: President Cleveland, a Free-trader, excited bad feeling among his people against England, and sent a disgracefully-worded message to this country, which, had not Lord Salisbury exercised the greatest forbearance, long-suffering, and tact, would have infallibly plunged the United States and England into mutual war. President McKinley, the ardent Protectionist, is, at the time I write, doing his best to bring about a virtual alliance, based on mutual good feeling between the two countries.

The other argument finds expression in the sentence: 'National sentiment is invoked to prevent this natural and beneficial change' (p. 155). The change referred to is the reduction or abandonment of certain industries which cannot hold their own against foreign competition without Protection. To this it need only be replied that it is of the essence of national sentiment that industries should not be sacrificed indiscriminately to fanciful cheapness. Of course, if Professor Bastable thinks national sentiment an evil thing, he must be permitted to do so; but he is a little late in the day with that notion.

There is one other remark in this section of Professor Bastable's work which is worth noting. 'In the English Colonies,' he writes, 'they look forward to separation, or hope to be included in a Customs league with the Mother-Country' (p. 155). Where has the Professor buried himself all these years, that he actually imagines that the Colonies wish to separate from the Mother-Country? Will the economist Diogenes never come out of his tub? Apparently Professor Bastable has taken one glance out of his: he does seem to have heard of a Customs Union, and let us hasten to assure him he will, in the near future, hear a good deal more.

I have shown before that Professor Bastable is not always as consistent as he might be. And I must point to another instance of his inconsistency. Having emphasized the general popularity of Protectionist ideas, he winds up his considerations on the subject with the remark that 'Protection is opposed to the most prominent tendency of recent years' (p. 156). There is an incompatibility about these two versions of the modern attitude which needs explanation. I would recommend Professor Bastable to give up the Free-trade tendency view; the other squares so much better with the facts.

Foreign Investments.

In his concluding chapter, Professor Bastable insists that 'in all cases it ought to be plain that capital is exported in the form of commodities' (p. 166). Is it so plain? What is sent abroad when an English capitalist invests in a foreign loan or undertaking is

money power. The English capitalist possesses a certain amount of money power. To the extent of his new holding in the foreign investment he transfers a portion of it to the foreign Government or industrial undertaking, in return, in the case of a loan, for a guarantee that interest will be paid to him and the principal repaid in due course; in the case of an industrial investment, in return for a proprietary share in the undertaking and its profits. Now let us consider in what ways the borrowing country may dispose of this money power:

1. It may pay it away directly to another country. An example of this may be found in the recent Chinese War Loan. The Chinese Government had to pay an indemnity to Japan. It lacked the funds, and so borrowed from English and German capitalists. And as soon as it had received them, it straightway wrote out a cheque for the amount in favour of the Japanese Government.

2. The borrowing country may spend within the country. For example, take the case of English capitalists investing in American railways, and the money being expended locally in the purchase of coal, timber, and, viâ the medium of wages, food and clothing.

3. The borrowing country may spend its loan in purchases from the lending country, as when English capitalists lent to American railways, and the American railway companies purchased English rails.

4. But it may also spend the money in the purchase of goods from some country other than the lending country, as, for example, when Russia

borrows money from England, and spends it on American locomotives.

5. Lastly, the borrowing country may never spend the borrowed capital at all. For an example, take the case of a Westralian gold-mining company, capitalized at a quarter of a million sterling. Part of the capital is nominal, but it does not follow that even the actual subscriptions will ever be spent altogether. Again, much of the vast share capital of American railways held by English proprietors is not spent in the purchase of anything; it merely represents a power to spend if necessary. But the money-power has been expended by the English capitalist in return for a proprietary share in the undertaking, and his bank balance is the less by the amount of his investment, while the reality of the investment is further made plain to him, if he is lucky, by the periodical payment of interest and dividend on it.

The foregoing enumeration of the various methods in which a borrowing country may dispose of its borrowed capital throws a sceptical light on Professor Bastable's statements that loans are not complete when the bonds are issued on the Stock Exchange, and that 'it is further necessary to send the value to the borrowing countries, *which is done by the export of commodities capable of being used as capital by the importing nation*' (p. 167). If further demonstration of the inaccuracy of this assertion were needed, it might be found in the fact that, though English capitalists continue to invest money in foreign

loans and industries, English exports show no corresponding increase.

Industrial Anarchism.

It may perhaps help to explain some of Professor Bastable's strange views if we bear in mind his self-confessed Anarchism. The final paragraph of his book has this remarkable declaration of faith: 'Governments, in their dealings with foreign trade, should be guided by the much-vilified maxim of *laissez-faire*. . . . The precept rests . . . on a well-founded belief that national interests are thereby advanced.' And this in the knowledge—or the ability to gain the knowledge—of how the industry of Germany and the United States, our menacing rivals, as well as of our own Colonies, has been advanced by Governmental aid on the exactly opposite principle!

VII

Preferential Trade within the Empire

To the student of modern trade movements it is becoming daily more clear that England's hope of continued commercial dominion, or even of continued modest prosperity, lies in the cultivation of trade within her own Empire. I showed in a previous chapter how foreign nations have built tariff walls around their borders, behind which are developing industries which are making them independent of our merchandise, and the decline in our export of manufactures to foreign countries indicates that that policy is already fructifying. The time must come, and it will not be long in coming, when all the great nations, and the smaller ones as well, will not need to buy any of their manufactures from us; and their protective tariffs show that they do not intend to buy from us except when they are actually compelled. As this compulsion disappears, so will our foreign trade. If we are to continue to have an overseas trade—and unless a tremendous revolution is to be effected in our industrial life, we must continue to

find an overseas trade—it must be found principally within the bounds of our own Empire; but as our own Empire extends over a fifth of the globe, the matter need not greatly depress us. Within our Empire is an extent of land which, for all practical commercial purposes, represents a larger area than did the whole world to our forefathers. Those lands, 'tis true, are as yet but sparsely populated, and their markets are small compared with the markets of the great nations of Europe; but whereas the European nations have reached, or nearly reached, the limits of their expansion, and consequently the expansion of their markets, the great Daughter States of the British Empire are as yet but infants, or, to vary the metaphor, are as skeleton nations, whose present form and development but indicate the outline of what may and will be. Therefore we have a double reason commercially for turning our hopes into Imperial channels. Foreign markets, owing to protected industrial development, are being gradually placed beyond our reach; but even if they were not, the very fact that the great future of the world lies, not with them, but in the new lands under the British flag, would make it prudent for us to regard the Colonial markets as really more important and better worth cultivation than the markets of Germany and France and the rest.

But we must not commit the fatal mistake—as a fact, we are committing it to-day—of reposing comfortably in this hope of a future big market within our own Empire and using it as a soporific. There must be energetic development of those great Imperial

estates. British capital and industry and enterprise must be directed thither, so that they may become actual as well as potential markets. Nor is that all. We must take special pains to ensure to ourselves those Colonial markets. In an earlier chapter I gave figures which showed how the export trade of some of our rivals was growing; the prosperity of their industries under Protection, allied with the marvellous productive developments of modern industrial science, is resulting in the output of surplus commodities in foreign countries as well as in this country. They, too, are looking out for overseas markets, and very naturally they are turning their eyes to the new lands of the British Empire. Later I propose to draw your attention more in detail to this important and significant matter. I have referred to it here just to emphasize the fact that the mere waving of the Union Jack over a country does not ensure its markets to England. More is necessary, and that more chiefly consists in the establishment of preferential trade arrangements within the Empire. Import duties must be so arranged that merchants and producers and manufacturers shall have a direct and substantial interest and inducement to buy and sell within the Empire rather than outside it. Imperial sentiment is an excellent thing; but, as Mr. Chamberlain once said, 'sentiments alone will never make an empire.'

Preferential trading arrangements are no new thing. In the early Colonial days, and up to the time of Cobden's final triumph, England gave a preference to Colonial produce. There was not then any conscious Imperialism such as we have (in theory) to-day; but

the natural unconscious Imperialist practice of those days was to give our loyal children overseas more easy terms of access to our markets than were accorded to independent and jealous foreigners. No one made a song about it—no statesman perorated at after-dinner orations on his work of developing the Empire by cementing trade relations; the thing was done quite simply and unostentatiously, as the performance of an ordinary family duty. But the Cobdenite gang hated empire; and, with their narrow cash-book outlook, they despised the British Empire, which to them consisted merely of plantations inhabited by disagreeable niggers, ruled over by yet more disagreeable planters, or of great wastes of territory, fit only for penal settlements, and certainly not worth a moment's consideration as the scene of great development. So, with repeal of Protection for England was also enacted the repeal of a protected English market for the contemned Colonies. This policy, accompanied by the other policy of starving the Colonies of capital in order to put more into foreign countries, has held back Colonial development for half a century. Canada to-day, instead of being inhabited by a sparse 5,000,000 souls, almost lost in the vast virgin wilderness of the Dominion, might have been well-nigh as great a country as its neighbour the United States, had not English capitalists, taking their cue from Cobdenite legislation, neglected the Dominion, in order that they might assist in developing the Republic. But now a better day is dawning: capital is beginning to migrate into the Colonies, and the Commercial Federation of the Empire is beginning to be grasped, and appreciated

as the great and necessary policy which it undoubtedly is. In the Colonies the necessity of the policy has already been grasped, and it is thence that the efforts to turn the idea into actual fact have so far almost entirely emanated. To them history will give the credit for the birth of the policy which will develop the Empire and save England's industrial greatness—if it can be saved.

The Movement towards Commercial Federation.

How eager and determined the Colonies have been in their efforts after an Imperial Customs Union may be gathered by glancing at the history of the movement up to 1899.

As far back as 1880 the Canadian Government requested the Imperial Government to endeavour to get a modification in the commercial treaties with Belgium and Germany; for those treaties prohibited any preferential trade arrangements between the Mother-Country and the Colonies. I doubt if in the whole history of Cobdenite legislation there is any piece of work quite so disgraceful, so fatuous, as these treaty provisions. Belgium had no colonies, but wanted access for her goods to ours; Germany had no colonies either, but she had welded her various States into a Customs Union, and also had ambitions—since in no small measure realized—of getting her goods into our Colonial markets. Naturally, these nations were delighted with England's self-denying ordinance as set forth in the treaties; but how an English

Ministry can have been brought to insert or approve them is one of the unsolved mysteries of British diplomacy. Lord Salisbury tried to find among the archives of the Foreign Office some record of the reasons for this strange proceeding, but failed. The only possible explanation is that the statesmen responsible were possessed by the Free-trade mania in a specially acute form, and were desirous of showing the Colonies how little they cared for them.

But Canada was set on a Customs Union. She wanted preferential treatment in our markets for her produce; she wanted to give preferential treatment in her markets to our manufactures. And this attitude of hers is all the more noteworthy, since it was synchronous with the development of her own 'National Policy,' a policy of rigid protection for her nascent industries. It would, under the circumstances, have been more than excusable had she acquiesced joyfully in the stupid treaties which prevented a Customs Union, and so gave her a chance of excluding, by an all-round prohibitive tariff, the import of British manufactures competing with such as she might hope to establish within her own borders. Happily Canada took a wider view.

But nothing came of her suggestion in 1880. The Imperial Government only passed the suggestion on to the Belgian and German Governments as a nice arrangement for all concerned. Of course, the Belgian and German Governments did not think it was at all a nice arrangement; they would have been great fools had they thought anything of the kind. And therewith the English Government let the matter drop.

But the movement towards a Customs Union was growing outside Downing Street; and in 1887, the year of the first Jubilee, the project was discussed in London by Colonial and English Imperialists. But again Downing Street gave no sign. Then, in 1892, the Canadian Parliament, on the motion of the Premier, unanimously addressed Her Majesty on the subject, again pointed out the injustice and bad policy of the fiscal arrangements (made binding by the aforesaid treaties), and begged the Imperial Government to denounce the treaties. This request was merely ignored; but even so Canada did not lose heart. In 1894 she summoned the famous Colonial Conference at Ottawa. Part of the business of the Conference was concerned with the Pacific Cable project, and the question of a better steamship communication between the different parts of the Empire; but a great portion was devoted to the question of Imperial Commercial Federation. Let me transcribe the resolutions unanimously passed by the conference of official representatives of all the self-governing States of the Empire:

1. 'That provision should be made by Imperial legislation enabling the Dependencies of the Empire to enter into agreements of commercial reciprocity, including power of making differential tariffs with Great Britain or with one another.'

2. 'That this conference is of opinion that any provisions in existing treaties between Great Britain and any foreign Power which prevent the self-governing Dependencies of the Empire from entering into agreements of commercial reciprocity with each other or with Great Britain should be removed.'

3. 'Whereas the stability and progress of the

British Empire can be best assured by drawing continually closer the bands that unite the Colonies with the Mother-Country, and by the continuous growth of a practical sympathy and co-operation in all that pertains to the common welfare;

'And whereas this co-operation and unity can in no way be more effectually promoted than by the cultivation and extension of the mutual and profitable interchange of their products;

'Therefore resolved: That this Conference records its belief in the advisability of a Customs arrangement between Great Britain and her Colonies, by which trade within the Empire may be placed on a more favourable footing than that which is carried on by foreign countries.

'Further resolved: That until the Mother-Country can see her way to enter into Customs arrangements with her Colonies it is desirable that, when empowered to do so, the Colonies of Great Britain, or such of them as may be disposed to accede to this view, take steps to place each other's products, in whole or in part, on a more favoured Customs basis than is accorded to like products of foreign countries.

'Further resolved: That for the purpose of this resolution the South African Customs Union be considered as a part of the territory capable of being brought within the scope of the contemplated trade arrangements.'

The Marquis of Ripon was at Downing Street when these resolutions reached England. He replied (very much at his leisure) on June 28, 1895, at the very moment when he and his colleagues were packing up for private life. In the hurry of moving he had apparently no time for thought. At any rate, his despatch was a sneering negative. Among his argu-

ments was an attempt to prove that our export trade to Belgium and Germany—which he alleged might suffer by the founding of a Customs Union—was of more value to us than our exports to the Colonies. To support his position he excluded India (why, I don't know), and of course he ignored the inevitable growth of the Colonies, in comparison with the comparatively stationary character of European populations, together with the fact that Belgium and Germany were daily getting more and more independent of our manufactures. The value of his objections may thus be gauged. His conclusion was that 'Her Majesty's Government consider that it would not be prudent to contemplate the denunciation of the treaties at the present moment;' and with that 'Her Majesty's Government' went out of office.

Again Canada came to the front. It was in the second Jubilee year, 1897. A Canadian Government had also gone out of office in the interval, and as the new Government—Sir Wilfrid Laurier's—was of Liberal politics, the Little Englanders rejoiced, and hugged to themselves the grateful prophecy that nothing more about a Customs Union would be heard from those inconvenient Canadians. They forgot that in the outer parts of the Empire Liberal and Cobdenite are not interchangeable term. Sir Wilfrid Laurier soon undeceived them. He signalized his accession to office by an act which forced the Imperial Government to denounce the treaties with Belgium and Germany. His Government gave a preference in colonial markets to British produce. It was a

violation of the treaties, and the Imperial Government was stuck on the horns of a dilemma: it had either to reject the generous gift proffered to the manufacturers of this country, or it had to summon up the modicum of courage needful for the denunciation of the treaties. Happily, it chose the latter course (the other choice being scarcely conceivable). The treaties were duly denounced, and on their expiry, on July 31, 1898, preferential trade within the Empire, though but partial and one-sided, was definitely established. Nothing dreadful happened. Belgium and Germany, of course, had to protest; but they did not back their protest by any of the dreadful measures which the Cobdenites had confidently predicted would be adopted if ever England dared to denounce the treaties; and in England and throughout the Empire the denunciation was received with the most marked satisfaction. Even the Cobden Club itself could not stand against the enthusiasm. It executed a marvellous gymnastic feat: finding resistance hopeless, finding also the motive power coming from a man whom they had looked upon as one of their own, this poor relic of the antiquated heresy boldly took Sir Wilfrid and his scheme to its bosom, had the assurance to declare that Sir Wilfrid's action was just what it wanted, and presented the statesman with the Cobden Club medal!

But before 1897 the movement had been advanced in a way which demands a brief notice. When the administration to which Lord Ripon belonged retired into private life in the summer of 1895, the Colonial Secretaryship passed into the hands of Mr. Chamber-

lain, who had not been nine months in office ere he startled Little England by the statement that he desired a 'true Zollverein for the Empire, which, although it would involve the imposition of duties against foreign countries, and would be in that respect a derogation from the high principles of Free-trade, and from the principles of the United Kingdom up to the present time, would still be a proper matter for discussion, and might probably lead to a satisfactory arrangement, if the Colonies on their part were willing to consider it.' This remarkable utterance was contained in a speech to the Canada Club on March 25, 1896, and was shortly followed by another speech to the Congress of British Chambers of Commerce, wherein the Colonial Secretary impressed on the delegates the overwhelming importance, beyond all the matters on their agenda paper, of the proposed Commercial Union of the Empire.

The Congress took Mr. Chamberlain at his word. Remember that this gathering was most heterogeneous in its composition, and included, as well as Imperial Protectionists, militant Cobdenites and cautious Englishmen who had been nourished in the belief of Free Imports. If resolutions any way favourable to a Customs Union could get through an assembly thus composed, the 'effective demand' for the change was assured; and such a resolution was passed. Again Canada opened the ball. Mr. E. B. Ostler, President of the Toronto Board of Trade, moved, and the Marquis of Londonderry (representing the Belfast Chamber of Commerce) seconded, the resolution, of which this is the gist:

'That in the opinion of this Congress the advantages to be obtained by a closer union between the various portions of the British Empire are so great as to justify an arrangement as nearly as possible of the nature of a Zollverein, based on principles of the freest exchange of commodities within the Empire, consistent with the tariff requirements incident to the maintenance of the Local Government of each kingdom, dominion, province, or colony now forming part of the British family of nations.'

Naturally the resolution provoked plenty of discussion. The debate brought out the strength of the Zollvereiners, and showed that the idea had taken possession of men in England as well as of Colonial delegates, who had not the same imperative Free-trade prejudices to overcome. But the furious Cobdenites present stuck to their guns; and as it was hopeless in the circumstances to think of carrying the motion without dissent, and the avoidance of division was desired, the chairman submitted the following as an eirenicon:

'That this Congress of Chambers of Commerce of the Empire is of opinion that the establishment of a closer commercial relation between the United Kingdom and the Colonies and Dependencies is an object which deserves and demands prompt and careful consideration. The Congress therefore respectively represents to Her Majesty's Government, that if the suggestion should be made on behalf of the Colonies, or some of them, it would be right and expedient to promote such consideration, and the formulation of some practical plan, by summoning an Imperial conference, fully representative of the interests involved, or by such other means as Her Majesty may be advised to adopt.'

This was carried with acclamation. It is regrettable that the original resolution did not find acceptance; but I fail to see in this other that 'abandonment of the Zollverein' which Free-trade journals alleged it to be. The need for 'closer commercial relations' was enforced, and the discussion brought out quite clearly the only way in which such relations could be effected. There was no alternative proposal. If the Cobdenites had felt that they had the slightest chance of support, they would not have submitted to this pronouncement. For to Cobden 'close commercial relations between the United Kingdom and the Colonies and Dependencies' was 'an object which deserved,' and got, his unceasing maledictions.

As I have said above, the Colonies have all along been the agitators in the matter, and it was a pity, therefore, that on them should again be thrust the onus of restarting the ball. But, as we have further seen, they were not daunted, and Canada made a move on her own account even more practical and important than that of requesting Her Majesty's Government to summon a conference. Since the Canadian ordinance Mr. Rhodes has got inserted into the constitution of Rhodesia a provision that that new province shall be at liberty to make preferential trade arrangements with the Empire; and the Australian Governments have signified their intention, when they shall have federated, of following Canada's lead. It now remains for the Mother-Country to respond.

The Colonial Blue-Book.

The imperative need for closer trade relations was manifested in the Blue-Book published by the Colonial Office in 1897. Mr. Chamberlain, immediately after his accession to office in 1895, became so convinced that something was wrong with the trade between the Mother-Country and the Colonies that he issued a circular to the Colonial Governors asking for information. He also asked for samples of foreign goods selling on Colonial markets, and a large collection of these were sent, and exhibited at the London Chamber of Commerce. This exhibition afforded Englishmen ocular demonstration of the intrusion of foreign goods into the Colonial markets. Shortly afterwards the despatches from the Colonies were published in a voluminous Blue-Book of 599 pages, to which I am now referring. This book pointed the moral of the exhibition. I will not go in detail into either the statistics or the arguments with which it is filled; for the statistics are now out of date, only carrying us up to 1894, and the arguments are largely taken up with considerations of price and the respective methods of British and foreign traders—a matter of very great importance, but somewhat aside from our present discussion. But the book is so important, and its conclusions emphasize so strongly England's present danger of losing the great and growing markets of the Colonies which she has won for herself at so heavy cost, and on which her hopes of future dominion are necessarily concentrated, that

a brief reference to the contents of this Blue-Book will be in place here.

In the prefatory memorandum, wherein the conclusions of the Colonial reports are summarized, will be found the following table:

IMPORTS INTO THE COLONIES.

Goods in which Foreigners compete.

	1884. £	1889. £	1894. £
Value of imports from all sources	58,063,296	56,490,249	49,911,872
Value of imports from foreign countries ...	14,926,086	15,717,021	15,912,822
Percentage of foreign imports	25·71	27·82	31·88

(These figures do not include India.)

As matter of fact, the increase in foreign imports in recent years is really much greater than is indicated by these figures. In the reports from the Colonies, it is carefully pointed out that the statistics do not indicate the country of origin of the goods imported, but only the port of shipment. Hence, in the list of goods put down as British are included many foreign manufactures shipped from English ports. The South Australian report enters into this matter at some length. The Customs entries at Adelaide state that so many packages were imported by a certain vessel, and that the place from which they came was London, yet gives no indication of what in this cargo is of British and what of foreign origin, the whole cargo, in default of such information, being set down as British. Again, there is cited the instance of a German firm with headquarters in Sydney, used as

a distributing centre for Australia generally. The goods, which arrive at that headquarters direct from Germany, are entered correctly as German, but when some of them are sent on from Sydney to Adelaide, they are there entered as intercolonial imports; after the first importation into Australasia the country of origin is officially obliterated. The writer also cites the case of Switzerland, whence Australia receives a considerable quantity of watches, cigars, laces, silks, ribbons, etc. But Switzerland does not appear in the list of importing countries at all. Such of her goods as are shipped viâ Germany are credited to Germany, which, though inaccurate, does not affect the foreign competition question; but a large number of Switzerland's manufactures reach South Australia viâ London, and then they are described as English goods, which does affect our argument considerably. The discrepancy, 'tis true, works in the other direction sometimes, as when British iron, shipped from London in a vessel which goes to Hamburg to complete her lading, is entered at Adelaide as of German manufacture; but the balance of the discrepancy, as the writer of the South Australian report points out, tells heavily in the direction I first indicated, namely, the undue swelling of Imperial trade returns. As the prefatory memorandum points out, 'the most striking case of divergence between the statistical returns and the report of the estimated proportion of foreign trade is found under Queensland, where the general percentage is shown as 13 per cent., while in twenty-three out of sixty-four articles returned the estimated actual percentage ranges from 50 per cent. to 90 per

cent. In particular cases of goods the foreigner now in some cases does more than 50 per cent. of a trade which a few years ago was admittedly British.'

The Cobdenite optimist with such serious facts as these before him will say that there is nothing really to grumble about, that the trade which the foreigner is getting is only new trade caused by the development of the Colonies. The Colonial Blue-Book makes it clear that this argument is only partially true. But even supposing it were wholly true, it would be no reason whatever for contentment on our part. We want the big new trade of the future, as well as the comparatively small trade of to-day, more especially since we are being gradually edged out of foreign markets.

To emphasize the serious position, let me just cull one or two instances from the Blue-Book. In the carriage and waggon trade in Cape Colony the United States increased their trade about twenty-fold in the decade reviewed by the Blue-Book. In Victoria the United States now supply 80 per cent. of the hammers. In Tasmania the United States and Germany have captured two-thirds of the total trade under the head of 'implements of industry.' In the Straits Settlements Germany multiplied her trade in biscuits and bread fivefold, and now holds half the total. In Hong Kong, a market which represents a large area in China and elsewhere, Germany found her way into the yellow metal trade and captured half of it, while the foreigners generally have managed to oust the British wire-maker completely from the same market. The New Zealand musical instrument trade has

utterly abandoned itself to Germany. Malta has gone to Belgium for her iron.

Clearly we must be up and doing. I am not for one moment arguing that a preferential tariff is the sole thing needed. There must be greater individual enterprise on the part of British traders and manufacturers, but the State must do her part as well as the individual. The manufacturers of other nations enjoy all sorts of favoured treatment from their States—protective tariffs at home, subsidized transport, bounties and other aids, and no remissness on the part of English traders can absolve the Imperial Government from inaugurating a system of preferential trading within the Empire for the benefit of her producers.

A Scheme of Preferential Trade.

Those who hate the notion of preferential trade make the wish father to the thought, and affirm that preferential trading arrangements are impossible in practice. They say that the Colonies—which want to raise big revenues from, or protect themselves against, the importation of British goods—would not consent. To this it may be replied that the Colonies have unanimously declared themselves eager for a Customs Union; that it is they who have initiated the movement and kept it going; that the chief Colony of all—the Canadian Dominion—already, of her own motion, and without waiting for reciprocal favours, has given Imperial trade a substantial preference in her markets; and that some at least of the Australasian Colonies have formally announced their

intention of following Canada's lead as soon as they have got through the business of federating themselves.

Then these critics say that the Mother-Country would never consent to impose duties on foreign goods, even for the purpose of granting to the Colonies a reciprocal preference. To this the answer is that a very great deal has happened since these belated economists and politicians went to sleep in the mid-Victorian epoch, that the country is full of Imperialism, and, taken as a whole, doesn't care a rap for Cobdenism, that it is already educated up to the point of accepting a Customs Union without a murmur, if the Government would put it forward, and that a very little more education will bring it to the point of murmuring if the Government does not put it forward.

Thirdly, these critics say that foreign countries would not stand a Customs Union within the British Empire. The reply is that no foreign nation would have the impudence to go to war with us on such a domestic question; that foreign nations would find it hard to embark on a war of tariffs, seeing that they already penalize our manufactures as much as they can, and most of them could not increase their present tariffs without hurting themselves, for they only, as it is, permit the entry of such British goods as they need; and that if they did embark on a tariff war, and we lost a little foreign trade in consequence, the price so paid would not be too heavy, having regard to the immense value received in the shape of consolidating and cementing the loyalty of the Empire, and assuring to our mutual good and possession the

great Imperial trade of the future, which is otherwise endangered.

Lastly, say these critics, a Customs Union would be altogether too complicated and unworkable. Well, let us see. There is no difficulty about collecting duties; we have Customs officers at the present time busily engaged in collecting duties on a variety of imports, amounting in value altogether to some £21,000,000 a year; it would only be an extension of the existing business to add to the list of the dutiable articles. But the discrimination? That is perfectly easy, too. Canada does not find any difficulty, nor for that matter does France, which has preferential duties on her Colonial imports. All that we want is a certificate of the country of origin—a certificate which could be supplied most conveniently by the authorities on the exporting side, at the port of shipment. Sir Michael Hicks-Beach, when objecting to the grant of a preference to Colonial wines, put forward the plea that such a preference would induce fraud, and that foreigners would ship their wines to Australian ports in order to send them back again to England as Australian wines. If such a theory had been put forward by a lesser personage than a Chancellor of the Exchequer, it would best have been passed over in silence, as not worth refutation; as it is, the occasion may be taken to point out that the Australian authorities could be relied upon to see that their certificate of Colonial produce was not put on a cask of wine which had been shipped from France. They would know quite well it had come from France, since it would be still in bond for transhipment; to

take it out of bond, so as to hide its origin, would involve paying the heavy import duty, which would be more than sufficient to make unprofitable the process of sending the wine to England for sale as Colonial wine. This wine argument applies to all merchandise.

That a Customs Union is perfectly feasible from the point of view of collection is amply evident; and it only remains to consider on what scale the imposition should be arranged. Here there is room for plenty of divergent opinions. But because any number of scales, to suit the necessities of the case or the individual fancy, are possible, that does not make the matter complex and difficult, any more than the possibility of a diverse scale of punishments for pocket-picking renders that subject too difficult for legislation. The guiding principle must be a graduated scale of duties, which will protect the home producer in the first instance, and the Colonial producer in the second. I do not think it would be right—for, after all, charity begins at home—to admit Colonial produce free. We must guard our home agriculture to some extent even from Colonial produce, and, with industrial development in the Colonies, the time will come when it will be necessary to guard our home manufactures also from being swamped by those of the Colonies. But the Colonies will not demur to such a duty. They will be more than satisfied by the preference which will be given to them over foreign products. If I may myself presume to suggest a scale, I should say let us have an all-round 10 per cent. duty on such Colonial imports as come into competition with home produce, allowing the rest—such as raw sugar and

tea—free admittance, and an all-round duty of 25 per cent. *ad valorem* on competing foreign merchandise, and of 15 per cent. on foreign merchandise which competes only with Colonial produce. Thus, the home producer and manufacturer would get adequate protection against all imports, and the Colonial would get such a preference over the foreigner in the English import market that he would gradually be able to command it.

Now as to what the Colonies should do. Canada has already set an example by granting a 25 per cent. preference on Imperial merchandise. This standard might well be followed throughout the Daughter States. It cannot be objected that such a preference is greater than the 15 per cent. that I suggest England should grant Colonial produce, because the conditions are, and would be, somewhat different. The general scale of import duties in the Colonies is higher than is proposed for the Mother-Country. Hence, a 15 per cent. preference in England to Colonial merchandise would be fully equal to 25 per cent. preference to British merchandise in the Colonies. Under this scheme the Colonies would still be left free to arrange their tariffs as suited them; their only obligation would be to make the duty on Imperial imports 25 per cent. less than that charged on foreign imports.

I am not putting forward this scheme in any dogmatic way; I only submit it as a simple, satisfactory all-round method, more simple and more generally satisfactory than any other scheme which I have seen or am able to imagine; but it might quite well be that a good deal of detailed variation

would be desirable. That is a matter for the official experts in England and the Colonies to discuss when the time comes. I have myself, indeed, already in an earlier chapter, when speaking of the corn duties, suggested a method of arranging the duties on imports from the Colonies and foreign countries respectively which would not quite square with the general scale here suggested. But whether we adopt specific or *ad valorem* duties, whether duties worked on a simple all-round scale or duties varying in amount according to the circumstances surrounding particular classes of merchandise, is not, after all, so great a matter, and need not be discussed farther in this place. The main thing to keep in view is that guiding principle to which I have already referred—namely, that *some* scale of duties should be arranged by which the Colonies and the Mother-Country, while giving to their home producers an advantage over even other citizens of the Empire, should yet give their fellow-citizens of the Empire a substantial advantage over the foreigner.

I need not discuss the economic effects of a Customs Union. The case for a Customs Union is in this regard identical with the case for Protection generally, which I have dealt with in earlier chapters, and I need not go again over the ground traversed in the earlier pages of this chapter, when I called attention to the urgent need for a Customs Union ; but I would emphasize once more the prodigious effect which the Union would have on the development of the Colonies. Already—save where crushed by bounties—Colonial produce is making progress on the English market sufficiently to give an earnest of its potentialities ;

but the extent and keenness of the foreign competition, so largely aided in many cases by British capital, hampers that progress. When, however, Colonial produce has an advantage in the English market over foreign produce, the progress cannot fail to be wonderfully accelerated. There is hardly anything we require from abroad which cannot be produced in abundant quantity and of excellent quality within the great range of our own Empire. There is no natural reason whatever why we should go to foreign countries for our imports. Our Colonial soil is just as good as foreign soil, our climatic and other conditions have as wide a range; all that is wanted are the men and the money, and both will flow into the new lands of the Empire when the prospects of Imperial trade are rendered so fair as they will be by the establishment of a Customs Union. Nor—to reiterate the old point—will it be the Colonies alone which will reap the advantage; we, too, in the Mother-Country will share in it, because we shall be independent of the hostile tariffs of foreign nations and of their industrial development, and shall not need to sell our goods to them when we have a great and growing market in our Empire; and we shall not need to buy goods from them when our own people are ready to supply all our needs, and our tariff arrangements will keep the deadly competition of the foreigner at arm's length. Foreign nations may then starve their workmen and grind them down with unremitting toil; they may play tricks with their currency; they may do, in fact, just what they like. £4,045,975. Thus, the United Kingdom would have

We shall be great and rich and powerful and prosperous, whatever they may do. But if we do not so federate the Empire, our future will wear a very different complexion; it will be insecure, will be fraught with great disaster, will see us reduced to at least comparative indigence and insignificance.

Fiscal Results.

A note, in conclusion, with reference to the effect which Commercial Federation would have on the finances of England and the Colonies. Nothing like a precise estimate can be made of the alterations in the revenue which a Customs Union would bring about, because the result of federation would be the gradual supersession of foreign by Imperial imports; but a rough notion of the immediate effects which would be produced may be obtained by taking as basis the imports of 1897, and working on the scheme I have outlined. The value of the total imports into the United Kingdom in 1897 was £451,028,960. Of this total £357,010,027 is credited to foreign countries, and £94,018,933 to British possessions. Of the former of these sums all that proportion which represents imports competing with home and Colonial industry would pay 25 per cent. *ad valorem* duties, and would yield £64,090,483; that proportion which represents imports competing with Colonial but not with home industry would pay 15 per cent. duty, and the yield would be £6,116,400. Of the figure for the Colonial imports that proportion which represents imports in competition with British industry would pay 10 per cent. *ad valorem* duty, and the yield would be

a total Customs revenue of £74,252,858—say, 74¼ millions—against the present Customs revenue of 21 millions. This increase in the revenue would be an incalculable boon in lifting the weight of taxation; it would suffice to make the State independent of the income-tax and the Excise, and, as the articles at present subject to duty would be largely relieved, the consumer would experience considerable advantage to offset any raising of prices owing to the new duties.

In the above calculation I have eliminated all imports, whether foreign or Colonial, which consist of minerals. Considering the peculiar nature of the mining industry, I do not think it would be wise to tax any mineral imports. When one country sells to another its minerals, it parts with irreplaceable treasure—a kind of business which the buying country should be eager enough to encourage. I have also eliminated raw cotton and similar articles from the duty-paying list, not solely because they are raw materials (for we should be quite justified in protecting a raw-material-producing industry as well as a manufacturing industry), but because the quantity of raw cotton which comes to us from the Colonies is at present so insignificant in comparison with that which we buy from foreign countries that we should be justified in asking the Colonies to give some substantial earnest of their ability and willingness to supply us with the material before we tax the foreigner for their benefit. For the same reason I have eliminated from the list of foreign dutiable articles oranges and certain other articles of direct consumption.

VIII

Practical Protection

In the foregoing chapters I have endeavoured to set down the body of political-economic doctrine known as Protectionism, and the special reasons why England should return to that doctrine in the circumstances of to-day. I have insisted on the need of an entire revision of our present fiscal system; but I am not hopeful that this revision will come as a sudden revulsion and revolution, notwithstanding the converse example afforded by the adoption of Free-trade in the Forties. It will suffice to discipline our hopes, and concentrate our energies on the more modest and more practical programme of gradual reform. 'Here a little, and there a little'—if the little be always in the right direction, and the accretions follow each other with moderate speed—will in time give us all we want, and will give it to us without violent dislocations and the evils to which such dislocations inevitably expose a State. Moreover, by this gradual method we can start at once; we need not waste generations in the weary task of preliminary 'education' of the electorate: the electorate is ready for some reforms now, and each reform accomplished

will itself act as an educator, and make the way easier for the next. And the critical condition of our national trade makes it necessary that we should begin the work of reform without delay; in, say, another fifty years the edifice will probably have crumbled too badly, if we wait until then before commencing repairs. Besides, opportunist statesmen must not be asked to do too much at once: give milk to babes, and gentle measures for the consideration of politicians.

It is in this last sense that I use the word 'practical.' Full Protection is practical enough to-day, as we see by looking around us in other countries and in our own colonies. It is anything else but full Protection which our neighbours find unpractical. So, when I speak here of practical Protection, I am using the term only in its technical Parliamentary sense; that is to say, I am advocating such instalments of Protectionist reform as your average House of Commons man will admit to be somewhere within the sphere of practical politics. Unfortunately he will not admit much. The indifferentism and opportunism of to-day—both of them growing factors in Parliamentary life—are continually narrowing the politician's horizon. This is not an heroic age; it is not even an age when politicians trouble to live up in the Lobby to their own publicly expressed convictions outside; it is an age wherein the Member of Parliament thinks he fulfils the whole duty of a legislator by keeping his fingers closely and constantly on the pulse of his constituency. 'Do as little as you can of a controversial kind; be careful to

offend as little as possible the susceptibilities of faddists and others whose votes are uncertain, and may easily turn the scale in a hotly contested election'—this is the average member's golden rule of Parliamentary life. Now, he knows that the ordinary British citizen has been brought up to imbibe Free-trade with his mother's milk, and to regard it (without troubling to argue out the question) as one of the firm and cherished bulwarks of the British Constitution, and that consequently active, enthusiastic Protectionism is not dominant in the mass of the electorate. He knows, furthermore, that here and there, scattered up and down his constituency, are a few ardent Cobdenites, to whom anything savouring of 'Fair-trade' or 'Protection' is as a red rag to a bull, and (if he is a Conservative Member of Parliament) though he may regard the individuals as 'cranks,' he is mightily fearful of offending them; for he knows that with such whole-hearted disciples of Cobden, loyalty to the Conservative party (if they happen to be Conservatives) is likely to be more than shaken should they smell Protection in their Conservative representative. And as with the private member, so with the Minister—only more so. The function of a Government nowadays is interpreted to be a brake on the party which supports it. And the official members think it their duty to be less Protectionist than their unofficial supporters, simply because Protectionism to-day savours of revolutionary change. Having in view all these drawbacks, therefore, it is but a modest bill of fare that one can compile for the consumption of 'practical politicians.'

Yet things are changing; the Cobdenite sentiments of the horsehair-sofa days are falling rapidly into disrepute; many of them have not only been worn threadbare, but it has already become the fashion to laugh at them and cast them aside. In a very few years statesmen with energy and vision will demand the inclusion in practical programmes of much which to-day is shunned like a plague as a Protectionist impossibility. We already have an example of this movement. Mr. Chamberlain is by general consent the most energetic, and by pretty general consent the most far-seeing, of Ministers to-day. And it was he who, as I related in the last chapter, sounded boldly the note of Preferential Trade within the Empire—that is to say, of Protectionism—ere he had been in office as Colonial Secretary many months. We shall have much more of this as time goes on, and from others besides Mr. Chamberlain. It will not be chimerical, then, to include under practical Protection various reforms which the average politician to-day would regard as dubious, or strike out altogether from his programme of immediately practical politics.

Merchandise Marks.

Before proceeding to fiscal questions, I would draw your attention to a kind of legislation which is distinctly protective, though it has no concern with tariff duties. The Merchandise Marks Act of 1887 was passed for the express purpose (*inter alia*) of protecting British manufactures against foreign competition. True, it was only designed to protect them against fraudulent competition; but the scope

of the actual practice covers a wider field—as its enemies are the first to maintain. The enactment arose out of the well-grounded belief that many foreign manufactures cheaply produced, and inferior imitations of British goods, were sold as British goods, to the detriment of both the English producer and the English consumer. To guard against this fraud, the Act provided that foreign manufactures bearing a label calculated to deceive the purchaser into believing that he is buying an article of English make should not be imported into this country unless the label were neutralized by the addition of the words 'Made in ——' (the country of origin). Thus, to take a familiar example, a piece of crockery purporting to be 'A Present from Margate' must, if it be made, as is frequently the case, in Germany, contain also a legend to that effect.

The wisdom of the Act has been hotly disputed, the disputation coming chiefly from merchants who import foreign goods for British consumption, or who do a transhipment trade. This circumstance does not commend the outcry against the Act either to those who desire to see honest trading or to those who deem production to be of more account than distribution, and who therefore claim that the interests of the British manufacturer must not be sacrificed to the interests of the British merchant. It is clear that a merchant, dealing in goods of a kind which are manufactured in this country, and manufactured of such excellence that the British article commands most favour and the best price, is able, if he can sell as British a cheap and colourable foreign imitation of

the article, to enhance the profits of his business; and I fear that the outcry against the Act certainly originated among such persons, though it has doubtless since extended to others, who are, I submit, at least partially under a misapprehension. But it is only fair to say that the opponents of the Act have one argument of some weight, and I will therefore state it. The argument proceeds on the assumption—and I fear that it is an assumption which is becoming more confirmed in fact every year—that foreign goods, though imitations, and cheap imitations, of the British article, are not necessarily inferior in quality, but are often as good, occasionally better, and at any rate have a number of qualities to recommend them to the market in addition to the supreme quality of cheapness. This fact, it is contended, is gradually becoming recognised in the markets of the world, and the recognition is helped by this very Merchandise Marks Act, which therefore sometimes acts positively as an advertisement. A man in Australia or Chili has been buying his manufactures from an English exporting house, and under the impression that they were of English make. He now finds stamped on some of them the words 'Made in Germany,' and he finds by comparison that the article so stamped serves his purpose as well as the other, and that it is substantially cheaper. He therefore in future asks for the German article in preference to the English. Then, again, the colonial or foreign merchant who buys from an English exporting house, and so pays that house's profits, sees a certain number of his purchases marked 'Made in Germany,' and

this suggests the question, Why should I not go to Germany direct and save the English merchant's commission? He does so, according to the argument, and being there, he has pressed upon him, and he finds it convenient to purchase, a number of other articles in Germany, and so transfers his trade generally from England to Germany.

If this allegation be substantiated in fact, it is clear that two results follow: the English merchant loses his commission trade on the foreign articles, and certain English manufacturers are damnified in respect to the collateral transfer of trade—that is to say, in respect to those other articles which the Colonial merchant buys abroad, simply because he is on the spot, for the prime purpose of purchasing his German articles of other kinds direct instead of through the English house. This argument is undoubtedly worth attention. It was pressed upon the Committee which sat upon the Merchandise Marks Act in 1897, and the Committee recommended that the Act should be amended, so that the mark should read 'Made abroad,' not specifying the exact country of origin. This recommendation has not yet been translated to the Statute-Book, but (surely not quite constitutionally) has been incorporated in a Treasury note to the Customs Department. It should, however, be amended by the institution of a double mark—'Made abroad' for foreign, and 'Made in the Colonies' for Colonial produce. I suggest this further amendment in the interests of Imperial trade. To take an example: The English consumer, who may not care to pay the price of English cheese, would rather have his

'Cheddar' from Canada than from the United States. As matter of fact, the Canadian cheese is of better quality than the Yankee: he would therefore desire, both as a consumer and as a citizen of the Empire, that he should not have Yankee cheese passed off upon him as Canadian. The Dominion Government has already taken this matter in hand by having the stamp 'Made in Canada' imprinted on all the cheeses exported from the Dominion, which partially corrects the defect. Another and similar instance is that of frozen mutton. A prodigious quantity of frozen mutton is sold in this country as 'Prime Scotch.' The defrauded consumer does not suffer in health or palate, but he does in pocket; for frozen mutton is much cheaper than home-killed. It is only right, therefore, that if he desires to support home graziers, or to gratify his fancy by purchasing Welsh or Scotch mutton, he shall not have frozen mutton, even Colonial, passed off upon him as home-grown at the home-grown price. But he is also justified in demanding that, if he wishes to purchase New Zealand mutton, he shall not be sold (as New Zealand mutton) mutton from Argentina, which is still cheaper than New Zealand mutton, and not so good, besides being the product of a foreign country instead of one of our own Colonies. New Zealand is not afraid of having the mark put upon her mutton; she does not desire a fraudulent trade; and she knows that the excellence of her product, now that the prejudice against it has largely died down, is sufficient to ensure her a market by honest means. She, too, is interested in having her mutton distinguished from the River Plate variety,

and has recently taken steps to have it marked before it leaves her ports. But the system should be extended generally by Imperial legislation.

These last two instances are reminders of a further reform which is needed in the Merchandise Marks Act: its scope should be widened. At present only such articles are subjected to the Act (except watches, which have a special legislation) as are labelled with a name calculated to deceive the purchaser into the belief that the article he is buying is of English make. But this is not enough in the interests of British production. Foreign competition is just as keen in articles of merchandise which are not brought within the stated category as in the case of those which are. There is as much competition with bicycles and butter as with presentation mugs from Margate; yet the one, by an accident of labelling, comes within the provisions of the Act, while the others escape. The Act should be amended so as to include all imports. All imports can be marked. Most of them can have the brand stamped on the article itself, and to avoid fraud this is much the best way; but the others can have the wrapper stamped; and the Act could contain a provision that articles of this latter class should, if possible, not be sold apart from the wrapper. Such an amendment of the Act could not fail to be of substantial benefit to British production and manufacture. The lawful interests of the British merchant might be safeguarded quite sufficiently by a further amendment, that the Act should not apply to goods in transhipment, but only to those imported for consumption in this country.

And there are other amendments desirable, notably one imposing on the Board of Trade the duty of instituting prosecutions. This unpleasant task is at present left to private initiative; and, according to all accounts, the Board of Trade is not particularly zealous to move, even when a private individual does put himself to the trouble of instituting a prosecution.

I have put these suggestions forward as practical efforts towards the protection of British industry. They are not protection in the ordinary fiscal sense of the term, but they are protection, nevertheless, of a real kind, and worth the attention of a Legislature which desires to uphold the national industry. Moreover, the most timid of opportunist statesmen need not hesitate to regard them as eminently within the range of practical politics. They are quite of the same class, and just as practical, as the Prison-made Goods Act of 1897, which absolutely excluded from admission into this country merchandise made in foreign prisons. This Act, indeed, forms a good precedent. And precedent tells for much in 'practical politics.'

Reform of National Finance.

The changes made from time to time in the methods of collecting the national revenue afford golden opportunities for introducing instalments of Protection. Let us imagine the case of a Chancellor of the Exchequer, gifted with vision to see the need for Protection, and with that large measure of authority in his own department which it is customary for Cabinets to grant their Finance Ministers. Such a

Chancellor will start out with the guiding principle that, in any changes in the incidence or amount of taxation which from time to time are rendered possible or desirable or necessary, he shall keep steadily in view the diminution of direct taxation, and of such indirect taxation as falls upon imports non-competitive with British production, and the transfer of the revenue collection to imported merchandise which is in competition with home production. It will be odd if a single April passes during his administration without affording him some opportunity of putting his principle into practice, in the concoction of his Budget proposals. It almost invariably happens that when the accounts are finally made up at the end of the financial year, there is a surplus of income over expenditure; for of course every Finance Minister budgets for a surplus, principally in order to allow himself a safe margin for contingencies, but partly also because the announcement of a surplus is a sure provocative of sympathetic cheers and popularity. But it may, and frequently does, happen, in these days of constantly increasing expenditure, that, though there has been a surplus in the year just closed, the estimated expenditure during the new year is likely to be so much enhanced as to wipe out the surplus, and turn it into a deficit, unless increased taxation is resorted to.

But let us first suppose the case of our ideal Chancellor in possession at the end of his financial year of a surplus, which is likely to be repeated in the succeeding year, because it is not thought that the expenditure will grow more than proportionally

to the revenue. His is then the pleasant task of proposing to a grateful country some reduction in existing taxation. How will he proceed? He will begin by lifting somewhat the burden of direct taxation—the most objectionable form of taxation. Now, in a sense, all our taxation is of a direct class, for our Customs duties fall exclusively on articles which we necessarily import, and therefore it is fair to assume that the major part of the duty is paid by the consumer in this country; the duty is therefore a direct toll imposed on the purchaser. The Excise is yet more direct. The duties levied on the manufacture of beer and spirits are a direct tax, theoretically on industry, transferred in practice to the consumer. The License duties and the Railway taxes are also imposts primarily on industry (the former being of a specially direct kind), and secondarily on the consumer. Stamps, Land-tax, House-duty, and Income-tax are obviously direct taxes. We may therefore take it that the whole of our revenue, save the Postal and Telegraph profits, the Crown Land rents, the interest on the Suez Canal shares, and such minor items as Mint profits—and there are critics who contend that Postal revenue is often in the nature of direct taxation—are taxes imposed directly on the consuming citizens of this country. But let us follow the current interpretation, and regard Customs and Excise as indirect, and the rest as direct, taxation, of various degrees of demerit.

Our ideal Chancellor of the Exchequer will assuredly place the Income-tax first on the anathematized list. There is a strong feeling against the heavy Death-

duties; but there is surely an even greater hardship in taxing a man's income during his lifetime than in confiscating to the service of the State a portion of the property he leaves behind him. So our Chancellor's first care will be to mitigate the Income-tax. Nor will there be anything revolutionary in this course. It is strictly according to precedent. The Income-tax is a War-tax—that is, a temporary tax. It was so introduced into England; and though Ministers have since broken faith, and allowed the impost to worm itself into the permanent institutions of the country, Ministers have also recognised its temporary character by making spasmodic reductions when there was an available surplus. Our Chancellor, then, would only be following precedent, the difference between him and the actual Finance Ministers with which this country has been blessed in recent years being that he would make the reduction of the Income-tax his first care, and, until he had whittled it away altogether, would devote the whole of his available surplus to the work. There are two methods of Income-tax reductions—the raising of the standard of exemption, and the lowering of the rate. I submit that the following would, all things considered, be the best method to follow: First use any available surplus for reducing the rate from the present awkward and excessive figure of eightpence in the pound to sixpence. One might then proceed to exempt entirely all incomes under £500 a year. There are many obvious reasons to be alleged in favour of this course; on the other hand, there is a serious reason of policy against it. The aim is to get rid of

the Income-tax altogether as soon as convenient. Now, each fresh raising of the exemption standard will tend to make the abolition of the tax at a future date unpopular, and therefore difficult. If it is only persons receiving £500 a year who pay the tax, then a proposal to reduce or abolish it will be seized upon by democrats and demagogues as a piece of class legislation, favouring the rich against the poor man, so providing a theme for cheap denunciation. I submit, therefore, that an alternative course should be found. There is an excellent and practical method to hand. Instead of troubling to exempt incomes according to the amount, let the exemption follow the nature of the income. Thus, as soon as funds are available, and after the general reduction of the rate to sixpence, reduce or abolish the tax on all earned incomes, leaving it to remain on rents and interest and dividends. Then gradually, as occasion serves, dividends and interest on home industries can be relieved; then those received from Colonial industries; and finally those on foreign investments—though this last process need not be hurried; it might, indeed, be postponed altogether, for to such an Income-tax no patriotic Englishman could take exception.

Naturally, the series of reforms above sketched out would absorb many annual surpluses; but judicious Budgets would provide the means necessary for their achievement within, say, a single generation of peaceful years, and as soon as they were accomplished and the Income-tax was relegated to the lumber-room of national mistakes, the Chancellor with a surplus could get to work on the Estate-duties,

the House-duty, the Land-tax, Licenses, and Stamps, and the reduction of postal and telegraph charges. Railway passenger duty is an item which may be noticed in passing. The State frequently imposes burdens on railway companies in the interests of the public or of railway servants, and we have not yet seen the end of legislation of this character. I am not now disputing the needfulness and justice of such legislation, but where it entails pecuniary burdens on the companies it would only be a graceful act if at the time, or soon after the passing, of such legislation, when there was an available surplus, the Chancellor of the Exchequer remitted the whole or part of the passenger duty. He might serve British industry by such a course, for he could give the companies the passenger duty in exchange for lower rates on British merchandise.

Now we come to the case of our Chancellor confronted with a looming deficit, owing to the growth of his revenue not keeping pace with the growth in expenditure. This frequently happens now; it would more frequently happen when our Chancellor was in the habit of using fat and easy years for drastic reductions in direct taxation. What in this case should he do? He will have to find new sources of revenue. That necessity leaves three courses open to him: he may impose new taxation, he may add to the rates of existing taxes, or he may do as Sir Michael Hicks-Beach did in the Budget of 1899—reduce the annual repayments of the National Debt. This last method need not detain us. It is obviously an abnormal procedure, its statesmanship is question-

able, and in any case it is an operation which could not be repeated more than once, say, in a generation, and deficits are likely to occur more than once in a generation. The first method is also objectionable. As we have seen, the object of our statesmanlike Chancellor will be to aim at the gradual whittling away of practically the whole of our existing system of taxation; *ergo*, those taxes cannot be increased. The Income-tax must never be increased, save under the gravest stress of calamitous war; our Excise is already excessively high, accounting for a third of the total taxation revenue, and very much higher than the Excise duties of foreign countries; it is hardly possible to increase the Death-duties again, nor could any substantial increases be made in the Stamp-duties without hindering commerce, and driving financial business to the Continent. Neither could the sums paid from revenue to Local Taxation Accounts be justifiably transferred thence into the Imperial Exchequer unless the State formally took over certain fiscal burdens at present discharged locally; for local rates are oppressively onerous as it is, and are likely, under the popular development of municipal activity, to become yet more onerous in the future; they could not, therefore, stand the added burden which would be placed upon them were the contributions to local taxation from the Imperial revenue taken away to satisfy new requirements of national expenditure.

So our Chancellor will be forced to adopt the second of the three alternative methods, namely, the finding of new sources of taxation, and with his excellent

scientific Protectionist principles he will view the prospect with equanimity; it will give him his chance of killing two fine birds with one stone. He will be able to balance his Budget, and at the same time to grant instalment measures of Protection to home and Colonial industries. He will, furthermore, have the satisfaction of knowing that his Budget is a popular one. No one minds indirect taxation so much as direct taxation, and the enemies of Protection will largely have their mouths shut when the piece of Protection which is laid before the country comes in the guise of a needful source of revenue, instead of as a mere measure of Protection for a particular industry.

Where will our Chancellor begin? This is not a matter for dogmatism. The question can only be answered in the concrete and in reference to the particular circumstances of the time. The Chancellor in his choice will be guided by two considerations: the amount of money needed to balance his Budget; and the industry most badly in want of Protection, and the most conveniently circumstanced for the imposition of an import duty. Thus: we will suppose that our Chancellor wants £2,000,000 more than he is likely to get from existing sources of revenue. He will remember the bad state of British agriculture, which urgently needs some measure of Protection. Therewith he will also call to mind that English wheat-lands are not now in a position to supply all the requirements of the English consumer, and are never likely to be, but that the Colonies are both ready and willing to make up for any deficiencies in

our home supply. Then he will remember how, long after the principle of Free-trade was established in these islands, a pedantic Cobdenite predecessor took away the shilling registration fee charged on imported grain. That remission did no one any good; it merely injured the revenue. Why not, then, our Chancellor will say, put it back again? Going through the figures, he will find that the reimposition of the registration fee on all grain and meal imported from foreign countries, namely, 3d. per cwt. on grain, and 4½d. on meal and flour, would give him, according to the present scale of importation, a revenue as nearly as possible equal to the £2,000,000 which he wants. There, then, is his opportunity. The Radicals will doubtless set up their little howl; but they would have to criticise his Budget any way —that is a matter of professional opposition—but who would regard their howl? There would be no substance in it. They might declaim against raising the cost of the poor man's loaf; but no one, when the facts were set forth, would believe them. The tiny duty would make no difference whatever to the cost of the loaf, while it would give a little help to British and Colonial farmers, and form a substantial addition to the revenue, enabling the country to undertake desirable or necessary expenditure without entailing any increase of burdensome taxation.

Another year we will suppose our Chancellor to be in want of £3,000,000. How shall he get that sum? If the circumstances of this hypothetical year are like those of the present time, he will probably say, Sugar. I need not detail the present condition

and circumstances of the sugar trades; they are known well enough. It is well enough known also how badly in need of protection both the Colonial and the home refining industries are in consequence, first and foremost, of the European bounty system, but also, apart from the bounty system, of the tremendous and growing extent of foreign competition in sugar all over the world. Sugar also, our Chancellor will remember, was subjected to a tax—a halfpenny per pound—so late as the Seventies—that is, long after Free-trade was established in these islands. What more suitable source of new taxation could be found, then, than the reimposition of the Sugar-duty? But so great is the consumption of sugar in England that, in order to get a revenue of £3,000,000, it would not be necessary to charge a halfpenny per pound, nor would it be necessary to levy any duty on the raw sugar imports from our own colonies. A farthing per pound on all sugar, raw and refined, not intended for re-export, coming from foreign countries, would suffice to yield the necessary £3,000,000. It would be a handsome addition to the revenue; the tax would not be felt by the consumer. At the worst, it would mean the addition of a farthing per pound in the price of sugar—surely no great matter. But the tax would give such a fillip to our home and Colonial industries that it is at least probable that the enhanced production thereby caused would prevent the price from being raised. The Colonial sugar-growers, being exempt, would be able to make a profit without raising the price; and if they did not raise the price their foreign competitors could not do it

either, but would have themselves to pay the duty or forego the trade. But even if the price were raised by a farthing per pound, the consumer would be consoled by the fact that if he did not pay tax in increased sugar price he would have to pay it in augmented Income-tax or in some other objectionable impost.

These are the lines on which our ideal Chancellor of the Exchequer would proceed, gradually, and without any violent revolution, bringing the country back to healthy Protection and introducing preferential trade within the Empire, in response to the advances made by the Daughter States. There would be no outcry in the country, save from professional opponents of the Government and out-of-date cranks; the country would be rejoicing in better secured trade and in the remission of hateful direct taxation; it would soon see also that the indirect taxation, owing to the circumstances of international competition, had a way of getting paid, not by the English consumer, but by the foreign importer. It would, indeed, be following the line of least resistance, and therefore would be essentially practical. In sketching the hypothetical Budget in the foregoing pages, I have spoken of an 'ideal' Chancellor of the Exchequer; and the critic may say that this is an unfortunate term to use in a chapter devoted to Practical Protection. But it is not the Protection which is ideal: that, as I have outlined it, is thoroughly practical; it is only the man to carry it out who is 'ideal,' in the sense that we have not got him in office at present. But we may get him very soon. The time-spirit

always produces the man, and the time-spirit is anti-Cobdenite. Circumstances, too, usually evolve the man to deal with them; and the circumstances of to-day, which clamour for Protection, will, we may confidently hope, ere long produce the man. He may not now be on the Treasury Bench, though, remembering certain utterances of Mr. Chamberlain, and even of Lord Salisbury, it would be rash to deny that the present Front Bench personnel is incapable of evolving the necessary man; but of a certainty there are numbers of unofficial legislators from among whose ranks the necessary man might spring. The ideal Chancellor of our hypothesis may very soon be personified in the actual occupant of the office. His way will be clear before him, and easy.

THE END.

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